

Current History

A WORLD AFFAIRS MONTHLY

MAY, 1970

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A MILESTONE FOR THE EUROPEAN COMMUNITY	Pierre Henri Laurent	257
THE "OUTER SEVEN" AT TEN	Michael E. Bradley	264
FRANCE AND THE ATLANTIC COMMUNITY	Guy de Carmoy	269
BRITAIN IN EUROPE AT LAST?	Leonard B. Tennyson	276
ITALY IN EUROPE	Pellegrino Nazzaro	281
SPAIN AND PORTUGAL: CONTINUITY AND CHANGE	Arthur P. Whitaker	287
WEST GERMAN FOREIGN POLICY IN FERMENT	Gerard Braunthal	292
NATO: AN UNEASY ALLIANCE	Norman A. Graebner	298

REGULAR FEATURES

BOOK REVIEWS • <i>On Europe</i>	304
CURRENT DOCUMENTS • <i>Warsaw Pact Statement, October, 1969</i>	305
<i>NATO Statement, December, 1969</i>	305
MAP • <i>The Nations of Europe</i>	Inside Back Cover
THE MONTH IN REVIEW	311

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Current History

MAY, 1970

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In this issue, eight authors discuss the various factors influencing relationships among the nations of the Atlantic Community. Our first author shows that "The melding of the efforts to forge a better, shared relationship within the Atlantic Community and more harmonious connections between the Communist world of the East and the non-Marxist lands of the West of Europe are working hand in hand with revived designs for the actual construction of a unified West Europe."

A Milestone for the European Community

BY PIERRE HENRI LAURENT
Associate Professor of History, Tulane University

THE OBSERVER OF contemporary affairs is virtually compelled to render quick analyses or interpretations. The recent developments and present situation within the European Economic Community (Common Market) can be easily reviewed, but it is in the meaning of these events that the prime difficulty arises. As the organization of the Six enters into the decade of the 1970's, there is a strong tendency to examine 1969 and to perceive in it a most significant European milestone.

The decisions of the heads of government at The Hague in early December, 1969, relating to the applications of the British, Irish, Danes and Norwegians for entry into the Market, and the agricultural settlement of late December in Brussels are rightly cited as agreements of outstanding importance. Yet few have probed behind these accomplishments to find a new *reiance*, a new European momentum. The winds of change have swept through the Community in the last year, yet

it would be an exaggeration to hypothesize that the organization is on the threshold of fulfilling all the aims of the Treaty of Rome. Nevertheless, actual progress and a new declaration of intent and confidence have largely replaced the disarray, continual crisis, disillusionment and profound national differences that permeated the 1960's.¹ While obstacles and divergences continue, a new psychological atmosphere has surfaced and has already produced a series of decisions which clear the ground for the enlargement and reinforcement of the Community.

Several factors have conditioned this transformation, primarily the action of the reinvigorated Commission under Jean Rey, the shift in the political leadership of two major states of the Six, and the major financial and economic policy decisions of the Federal Republic of Germany and France. There remains, however, the often forgotten fact that the previously practiced avoidance of confrontation, the mere salvaging of situations, the procrastination or simple plodding along, the continual drawing upon the reserves of the "European" spirit were no longer able to

¹ See Pierre-Henri Laurent, "France and the Common Market Crisis," *Current History*, March, 1968.

keep the Community viable. The entire European enterprise in 1969 was floundering, for the second Gaullist veto had brought about a further deterioration in the relations between France and the Five, and had created a feeling of hopelessness and stagnation inside the Community as well as in the non-member pro-Marketeers of Europe.

A NEW APPROACH

The advocates of the *deuxième relance* have now discarded these old and unsuccessful approaches in favor of a more hopeful and realistic avenue of encounter. Believing that unity has suffered from far too high a ratio of words to action, these Europeans have initiated a chain of events which directly confront the fundamental European problems related to the Community. Specifically, beginning in the summer of 1969, the Commission recommended a blueprint for progress and then displayed its own political will to proceed. By the end of 1969, the government of the Six had resolved several disturbing Community issues and had demonstrated a strong inclination to enter into discussions that would go beyond the scope of the Rome Treaty, i.e., monetary cooperation, concerted social policies and increased parliamentary powers.

The Summit "enlargement-of-the-Community" decision and the Brussels farm financing accord were the results of this striving to renew Europe's attempt at true economic union. The leaders of continental West Europe held formal talks at The Hague on December 1 and 2, primarily discussing the expansion of the Market. It was here that the Six agreed that West Europe must augment and fortify the Community if it were to have influence within the Atlantic family and in the world.² With the first appearances of French President Georges Pompidou and German Chancellor Willy Brandt as heads of

state at a Western states' gathering, the test began.

The main subject of discussion became the French insistence on a definitive basis for financing the Market's farm policy. The French wanted to extract a promise from the other Five (and eventually from any new members as well) to help pay subsidies for the export of food surpluses, most of them produced in France.³ The West Germans feared that this would mean a blank check for France and her production of surpluses through assurances that they would all be paid for by the Six. The Benelux countries resisted a truly "definitive" solution, claiming that changes were bound to come if and when Britain, the world's largest importer of food and therefore the potential buyer of surplus, actually joined the Market.⁴ The point, however, was clear in early December; the link was made between firm commitment by the French on the four applications for entry and specific progress on the fundamental economic problem of the Community.

The Six agreed to create a new farm financing regulation to replace the one that not only expired on December 31, 1969, but had clearly outlived its usefulness. In exchange, France consented to the mid-summer, 1970, commencement of negotiations for the expansion of the Community. Although the Five pressed at first for a spring and later for a precise summer date and even for a rigorous timetable for the talks, the final communiqué merely noted that preliminary conversations to determine the common six-power attitude should be followed immediately by negotiations between the Six and the Four (considered together) so that simultaneous entry into the Community would be possible.⁵

Although The Hague conference had no firm agenda, its results indicated the potential pattern of development for the next years of the Community. First was the concept of completion, that is, the adoption of a final system of financial assistance, primarily in terms of reinforcement, or the development of the Community in depth. Here, the unanimity of the six states reflected the new direction and drive that originated within

² *France at the European Summit Conference*, no. 1326, Service de Presse, Ambassade de France.

³ *Le Monde*, December 1, 1969.

⁴ *Le Soir* (Brussels), November 30, 1969.

⁵ *European Community*, no. 129, November-December, 1969.

the Commission's 44-page "Opinion" submitted to the Council of Ministers in early October. The extension of the Market to sectors other than agriculture and the customs union, a common policy designed to provide for better coordination of economic, social and monetary policies, emerged from the Dutch conference. The technological sector, the key industries, the sector dealing with youth and the underdeveloped states (primarily the 19 E.E.C. associated states in Africa) were also the subject of specific proposals at The Hague.

And, finally, there was the area of external relations and the agreement that the Community was ready to discuss the four candidacies "in a positive spirit." New "European" hope was probably closely related to this common undertaking which had eluded the Community throughout the 1960's, for the petitions of Britain's Macmillan government in 1961-1962 and of the Labour government in 1967 had not been received in an atmosphere of uniform good faith within the Six. Yet it was evident that the reopening of negotiations would come in return not merely for a broad commitment on agricultural financing and the establishment of priorities for the Community's future growth, but for solid assurances from the Five on farm subsidies and other internal enigmas. France, who had acted as if she would shun a "package deal," therefore was instrumental in initiating one in early December.⁶

AGREEMENT

The role that the Commission assumed in the next three weeks was instrumental in that it supplied the necessary framework of accommodation for the Brussels agricultural meetings. It must be remembered that the Treaty of Rome mentioned (but in no way explained or defined) a common agricultural policy. Only in 1960 were the first proposals made in this sector, and the major agreements

of 1962 were only a crude and insufficient outline. Throughout the 1960's, frequent crises made the farm the *bête-noir* of Community progress.⁷ Agreement was reached on this most ticklish of Community issues on December 22, 1969, and February 7, 1970, and it was achieved without recourse to the fiction of "stopping the clock," or permanently setting the time of the council chamber clock at one minute to midnight and the official calendar at December 31. With more than a week to spare before the Common Market's transitional period came to an end, the farm experts and national representatives constructed a series of compromises. The balance of agricultural production, imports and marketing within the Six was profoundly altered, with temporary financial arrangements which would apply until newer details were worked out after the admission of "the Four."⁸

Nevertheless, the understanding has a greater significance, in that transnational diplomacy functioned and national divergencies were minimized. A short-term common farm support policy financed by the national treasuries was devised and a strict formula of contributions was erected. By 1971, a four-year period of adjustment would begin. Members would pay all the proceeds of levies on agricultural imports to a common farm fund and would gradually increase the proportion of customs duties on industrial products paid into the Community budget. All levies and duties would be paid to the central Community budget by 1975 with set limits to the total national contribution required from any one country. Three years later, according to the accord, the Community budget would receive the proceeds of value-added turnover taxes on businesses which all members must institute, possibly amounting to funds of \$4 billion annually.

EXPANSION OF BUDGET AUTHORITY

An often slighted part of this historic document demonstrated the new preoccupation with reform of the internal structure of the Community. The build-up of this very considerable Community budget was planned in

⁶ *Le Monde*, December 2, 1969.

⁷ John Newhouse, *Collision at Brussels: The Common Market Crisis of 30 June 1965* (New York: Norton, 1967).

⁸ *The Christian Science Monitor*, December 24, 1969.

conjunction with the expansion of the budgetary authority of the European Parliament. This strengthening of the Parliament at Strasbourg into a major and integral facet of Community operations and decision-making was a further landmark in the development of the Market union and, perhaps, in the evolution of real political union. This decision giving the Community a federal budget should be viewed as extraordinary, for it is an achievement which took the United States nearly a century. It was strongly resisted by Paris because of its supranational implications, but the Dutch and Italians made it a condition of their acceptance of the entire package.⁹

Although few have visualized a European Parliament in the usually accepted sense of the word, with the unity of Europe formalized in a constitutional union, this recent step marked the point at which the Six declared their belief that the budget of the Commission of the European Communities would become the prime concern of the Parliament. There is still some distance to a commitment to an elected (by universal suffrage) "European" legislative branch of government, but the December, 1969, farm policy contained the actual seeds of real power for what had been up to then a purely consultative body. Although only 3.5 per cent of the Community budget will be administered by Strasbourg in the initial phase of the plan, many observers see this move as a great moment in the history of parliamentary government.

It is even plausible to perceive some advance in another political sector in the late 1969 conversations. The general rule of majority voting or the acceptance of decisions taken within the Council of Ministers by majority vote now appears to be gaining in its appeal, particularly if a veto is maintained on specific matters of vital national concern. Deliberations behind the farm plan again illustrated that this general principle informally guides the various national delegates. What is needed now is a clear delineation of the specific areas and issues which

comprise an acceptable basis for a national veto.

Several days before Christmas, 1969, the last procedural roadblock to British entry was overcome. Interestingly, the deadlock in farm policy negotiations was broken with a plan conceived by France's Finance Minister Valéry Giscard d'Estaing, which not only kept the Market safe for French farmers by allowing them the major bulk of Six monies provided for agriculture, but also should make British adjustment and acceptance easier when negotiations begin.

The Brussels agreement found the French fighting tenaciously on farm financing, primarily because France's agricultural markets were temporarily isolated following the parity change of late 1968. The entire farm price structure was in such a confused state that France initially sought an open-ended commitment from her partners to continue financing the old farm policy, whatever its costs. The political pressures were too great for France, since Germany and the Benelux nations strongly opposed the continuance of their high level of contributions to the common fund negotiated when France was in a much less tenable position.

Giscard d'Estaing himself selected a farm policy based on independent resources, or levies on farm imports into the Community and from the common customs tariff, plus direct budgetary contributions from the coffers of the Six. It must be noted that the first half of this formula, and the companion proposal to increase the European Parliament's control over the Community's budget, were the exact points of conflict that precipitated the French boycott of the Market for seven months in 1965. The Commission's financial control will be more limited in the 1969 plan than stipulated in the 1965 construction, but national power is minimized, too, without its complete exclusion.

The promises of December, 1969, were partially realized and in some cases amplified by two series of meetings in February, 1970. The highly technical questions of financing Market farm price supports were satisfactorily completed, with the exception of Italian wine

⁹ *The Times* (London), February 9, 1970.

and tobacco. The enormous farm overproduction, especially in the dairy sector, was checked by limiting the spending on so-called "structural changes" in Continental agriculture, thus saving additional Community funds from the surplus-support and subsidy route. The hurdle of agricultural finance disappeared into history in the early morning hours of February 7 after 21 straight hours of interchange and only hours before the Italian government resigned.¹⁰

Thus, the fences at the entrance to the Market were lowered and midsummer diplomacy was anticipated. The Six have not resolved all their ills, but they appear to be on the right track for fortifying and broadening their economic union. This has required an alteration in the stance of France, first and foremost. The departure of the inhibiting French President Charles de Gaulle and the devaluation of the franc, when added to the May-June days of 1968 and the resulting economic burden, cannot disguise a genuine if slow French financial, economic and psychic recovery. Exports are up and imports down, and even if labor and farm problems still prevent any overnight miracle, Paris in the new decade looks forward to the future with a greater sense of reality, not glancing backward on a decade dominated by the giant figure of de Gaulle. President Pompidou's first venture into international affairs at The Hague and the French concessions at the agricultural negotiations, which were near the point of rupture many times, suggest that a turn in the road has come about for France in terms of her "European" posture.

A HALFWAY HOUSE

The other Five, led by Chancellor Brandt, seek even broader lines to Community development. Since the Brandt policy of *Ostpolitik* presupposes close support of the West-

ern allies and eventually the union of West Europe, Brandt strongly favors Britain's membership in the Market. In concert with his Benelux allies and Italy, Brandt has given assurances, however, that this regional growth will not result in a new bloc. This is not solely a requirement for the good will of the Soviet Union and some of the East European states but is necessary even for the adhesion of both France and Britain to the "new Europe." Brandt's pronouncement, when blended with others by Community officials and observers, also characterizes the general outlines of the Europe of the future.¹¹ The design emerging is that of a halfway house, partly a free trade area and partly a true union of states.

The transnational European Community in the state of becoming runs counter to several Gaullist grand designs. The result of the NATO winter ministerial meetings produced Allied agreement, including French agreement, that a general European security conference should be held if preparations showed that it had some prospects of success in solving specific differences. This was a reversal of former foreign policy under de Gaulle. The development of the Six will no longer be slowed down, nor is there French opposition to the Community's enlargement or to closer unity within that institution.

President de Gaulle led the 1960's and the European search for a broader base and power, not by stressing the Community but rather by steps tightening West Europe's ties to the East and diminishing them to the West. He saw as premature any attempts to build a transnational Community within the West, and, in fact, fought any increase in Anglo-Saxon or United States influence. The Six have now rejected his advocacy of the old classical form of Europe upgraded and restored, in which separate nations would keep full sovereignty and independence instead of being integrated into a new amalgam of states. The Market will be enlarged, even though this presents major difficulties and may not be achieved for five or more years. The Six have found consensus on means by which the union can be completed and deepened. The inner machinery is now the subject of de-

¹⁰ *Le Soir* (Brussels), February 9, 1970.

¹¹ See the study of the Institute of Strategic Studies, Alastair Buchan (ed.), *Europe's Future, Europe's Choices* (London: Chatto & Windus, 1969). Also Franz Josef Strauss, *Challenge and Response: A Program for Europe* (New York: Atheneum, 1970) and Carl J. Friedrich, *Europe: An Emergent Nation* (New York: Harper & Row, 1970).

liberations, and unity within the Community is to be increased.

It might be worthwhile to explore the probable characteristics of the developing European Community. Although the immediate cost of Britain's joining the Market will be high, London is entering what will be long and protracted negotiations, hoping to minimize these immediate disadvantages and stressing the eventual advantages. The prime concern of the British, as expressed by the Bow Group, a left-of-center study group of young Tories, is the necessity for London to receive "fair terms as regards the short term costs" of entry.¹² Suffice it to say that although the British housewife's pocketbook, Britain's huge national deficit, and her balance of payments deficit represent reasonable arguments for the high price tag to Britain on her membership, she must weigh carefully the fact of international politics, that of the three concentric circles of British interest that Winston Churchill once mentioned—the Commonwealth bond, the special relationship with the United States, and the tie to Europe—only the last remains.

The British and the Irish, Norwegians and Danes will be asked to accept the Treaty of Rome and all the decisions taken under it since 1958. Then the 10 members, surrounded by a single tariff wall, will adopt a single commercial policy toward all economic units outside that wall. Free trade, free movement of peoples, free movement of business and capital will be the goal within the Community of Ten. A new commercial policy will be formulated, basically more similar to the principles of the Six than to the applicants' or E.F.T.A. (European Free Trade Association) standards. An organized farm market with common prices and a single system of trade will be devised, along with provisions for Community funds to modernize agriculture and a priority system favoring commodities produced in the 10 member states.

The crucial task of enlargement diplomacy will be to reduce prices, surpluses and costs in order to reconcile a formerly self-contained

market having large exports with one now containing the world's greatest food importer, Great Britain. This will necessitate the redistribution of burdens of a common farm policy and new financial pacts, most probably with special treatment for such items as New Zealand dairy products and West Indian sugar. Since the Six will continue explorations for monetary unity, the achievement of a single currency might be part of the consolidation process. The steps leading to the completion of a monetary union imply the holding of currency reserves in common, the regulation of currency parities on a community basis and the harmonization of monetary policies. Increased cooperation in technical knowledge and educational facilities might also be a facet of the larger regional organization.

The candidate nations will be asked to join the European Coal and Steel Community, Euratom and the European Economic and Social Committee, to provide judges for the European Court of Justice and to adapt their legal practices to the legal processes of the E.E.C. They will also find that the Community's common agreements with the "underdeveloped" states must be shared to some extent. In effect, the price of entry will imply the new members' adhesion to a revised customs union and a revamped common agricultural policy, and before this, their agreement to pursue policies convergent with those implemented within the Community before the new union of Ten is completed.

As the end-of-June date approaches in 1970, there remain many uncertainties about negotiations for enlargement. Negotiations would hardly be under way before the summer vacation period would intervene until early October. By winter, 1970, Prime Minister Harold Wilson must face the impending test of popular opinion in Great Britain, for May, 1971, will be the last date possible for elections. Within less than a year from the commencement of expansion talks, the Labour government will be forced to produce some substantial diplomatic results. Recent preoccupation in Great Britain about increased food prices and the entry fee (esti-

¹² *The Times* (London), February 11, 1970.

mated in a frankly hypothetical British White Paper at a 3-to-5 per cent increase in the cost of living and an 18-to-26 per cent increase in food prices) have stirred up significant "second thoughts" about joining. But British proponents say that Wilson and his chief negotiator, George Thomson, will immediately seek long transitional periods which might ease the impact of entering and publicize these concessions to garner greater support at home.

Before the candidates can move, however, the Council of Ministers must meet on the foreign minister level and prepare a mandate describing how the vague indications of The Hague will be carried out. The most important facet of the short-range future may well be whether the Commission negotiates for the Six or whether national diplomats perform the duty. Previous negotiations were entrusted to an intergovernmental conference at the ministerial level and, between meetings, at the deputies' level. The Commission's reasoning on the negotiating process looms large in Europe, for it expresses itself firmly against each member state bargaining with the non-member countries. This would find the Six accentuating differences among their points of view and the applicants tempted to divide the members and conduct talks with them in parallel.

To maintain the cohesion of the Community, therefore, the Commission has recommended two stages of negotiation. The first would be conducted along the lines of the Kennedy Round, where the ministers give the Commission a mandate to negotiate and the Commission keeps the Council informed and follows ministerial guidelines. In the second stage, the member nations, with the Council of Ministers, would review general political problems.

By the end of June, 1970, some common position on the future of the Community in terms of consolidation and enlargement must be proclaimed by the Six, for by the end of July Britain and some of the Market Five believe that talks must begin or there will be a grave crisis in Europe.

Compelling, even overwhelming, reasons

why these conversations should commence and eventually succeed can be seen throughout Europe. The era of totally sovereign and hostile states has receded into the background and an era of reconciliation, mutual trust and confidence has moved into sight. The direction of Community development has been reset. Sovereignty in economic, and even in some aspects of political, policy-making has been reduced. Even though the oneness of voice is not yet a fact, the Six have arrived at the crossroads and have shown that a unified continental grouping of European states will continue to grow. The melding of the efforts to forge a better, shared relationship within the Atlantic Community and more harmonious connections between the Communist world of the East and the non-Marxist lands of the West of Europe are working hand in hand with revived designs for the actual construction of a unified West Europe.

The road has indeed been tortuous, but the way is now illuminated. A Market farm policy has been completed as a necessary prelude to negotiations with "the Four." Far-reaching promises are taking actual form, among them the steps to a united Europe governed by a parliamentary system. Even the internal malaise of the Commission itself, its chronic, straightjacketed administrative structure, appears to be the subject of debate and reform with the introduction of overall, central, long-range planning, greater initiative and tighter coordination.

The Community has gained materially as well as spiritually from "The Hague spirit." The Six have displayed a habit of working together, taking joint decisions and pooling their powers. The correct path to European unity may still be debatable, but the painful process of integration itself has taken another giant leap forward.

Pierre Henri Laurent is a specialist on recent European diplomatic history. He has just completed a work on the *Diplomacy of the Relance Européenne*, and has contributed to many scholarly journals. He will join the faculty of Tufts University this fall.

"The future course of European integration and the future of E.F.T.A. is not clear. . . . The E.F.T.A., having achieved additional momentum of its own as an organization, may not be as anxious to dissolve into the E.E.C. as its founders originally intended."

The "Outer Seven" at Ten

BY MICHAEL E. BRADLEY

Assistant Professor of Economics, The Pennsylvania State University

THE EUROPEAN FREE Trade Association (E.F.T.A.), or "Outer Seven,"¹ is the progeny of an unlikely marriage between the forces for economic integration in West Europe following World War II and the failure of the European nations to reach a consensus on the form which an economically integrated Europe should take. The drive for integration and the subsequent failure to achieve it divided West Europe into two separate camps, the E.F.T.A. and the European Economic Community (E.E.C.), or Common Market.

Economically, the arguments for the liberalization of trade restrictions and reduction of trade barriers among the European countries cited the gains to be derived from specialization and a greater static efficiency in the utilization of Europe's economic re-

sources. In addition to these gains in static efficiency, economic integration was seen as a means of achieving higher living standards as a result of dynamic gains from trade in the form of higher rates of economic growth.²

The economic arguments for integration, however, were reinforced—and to a certain extent, complicated—by the prevailing political climate. Weary of the centuries of international conflict which culminated in the devastation wrought by World War II, the European nations saw economic integration as a step toward broader political integration and the reduction of political conflicts and rivalries among them. Since many saw the war as the result of militant and aggressive German nationalism, the arguments for a supranational European economic and political community or "United States of Europe" had wide appeal, particularly on the continent. The United States added to the political and economic pressure for integration by specifying trade liberalization and economic cooperation as preconditions for the receipt of aid under the Marshall Plan. In addition, with the advent of the cold war, the Western countries felt threatened by an increasingly hostile group of nations in East Europe and the Soviet Union. It was against this background that the European nations took the first step toward integration with the formation of the organization for European Economic Cooperation (O.E.E.C.) in 1948.³

The E.E.C. was formed in 1958 by the six member nations of the European Coal and

¹ In this paper, the E.F.T.A., or "Outer Seven," is defined to include the seven regular members—Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom—plus Finland. Although officially defined as an associate member, Finland is the *de facto* eighth member of the "Outer Seven."

² On the static and dynamic effects of trade liberalization, see Bela Balassa, *Trade Liberalization Among Industrial Countries* (New York: McGraw-Hill, Council on Foreign Relations, 1967), pp. 69–124. The classical attitude toward the gains from trade liberalization is most clearly presented in Adam Smith's statement "That the Division of Labour is limited by the Extent of the Market," in Adam Smith, *The Wealth of Nations*, Edwin Cannan, ed. (New York: Random House, 1937), pp. 17–24.

³ Graduate Institute of International Studies (Geneva), *The European Free Trade Association and the Crisis of European Integration* (New York: Humanities Press, 1968), p. 308. Hereinafter cited as *EFTA and the Crisis of Integration*.

Steel Community (E.C.S.C.)—namely, the Benelux countries (Belgium, the Netherlands and Luxemburg), France, West Germany and Italy. As a condition for participation, these countries had agreed with the principle of supranationality and with the establishment of a customs union with a common external tariff against imports from non-members. The insistence of the Six on supranationality and a customs union was unacceptable to the other European countries who were subsequently to form the E.F.T.A.

Great Britain, the largest of the non-E.E.C. countries, had been promoting the establishment of an all-European free trade area (F.T.A.), and insisted on maintaining her independence and sovereignty without submission to a supranational authority. The F.T.A. proposed by Britain called for the eventual elimination of tariffs within Europe, leaving the individual countries free to pursue their own policies with regard to domestic economic policy and trade outside the F.T.A. In this proposal, and in her opposition to the supranational orientation of the Treaty of Rome, Britain hoped to liberalize trade with Europe while maintaining her extensive system of Commonwealth preferences, her economic ties to the sterling area, and her relationship with the United States.

The British F.T.A. proposal, not surprisingly, was not received cordially by the continental members of the E.C.S.C., and France was particularly hostile to the idea. From the point of view of the Six, Britain was trying to have her cake and eat it too by reaping the advantages of free trade in Europe without sacrificing any of the advantages she enjoyed in her economic relations outside

Europe.⁴ Great Britain, on the other hand, argued that the formation of a customs union in West Europe with a common external tariff was a regressive step in the liberalization of world trade, and that the customs union would lead to economic and political isolationism among the European countries which would be particularly harmful to the interests of the underdeveloped countries of Asia and Africa.⁵

OTHER E.F.T.A. COUNTRIES

The United Kingdom, however, was not the only country which balked at the form of integration proposed by the Six. The supranational characteristics of the proposed community, plus the ties between the Six and NATO, were objectionable to Austria, Switzerland and Sweden—all of whom sought to maintain independent foreign policies and political neutrality. Similarly, Finland was restrained from entering the Community because of the possible effects of her participation on her relations with the U.S.S.R.

The Nordic countries as a group were closely bound by cultural and linguistic similarities and by their historical goal of the establishment of a Nordic customs union. Moreover, Denmark and Norway were not anxious to enter into an economic community which excluded Great Britain, a major trading partner for each. Portugal's low stage of economic development and her historical position of isolation from the mainstream of economic and political developments on the continent served as a barrier to her participation in the Community.⁶

When the Treaty of Rome came into effect in January, 1958, it left a group of countries outside the E.E.C. which had little in common except their common dependence on foreign trade and their exclusion from the E.E.C. Great Britain finally broke off negotiations with the E.E.C. for the establishment of an all-European F.T.A. because of French opposition and the growing sense of solidarity within the Six. The non-E.E.C. countries began negotiations to establish a "little free trade area" among themselves as a temporary expedient until integration with

⁴ "The European Rift," *The Economist*, vol. 190 (January 10, 1959), pp. 133-134. Also, Emile Benoit, *Europe at Sixes and Sevens* (New York: Columbia University Press, 1961), p. 74.

⁵ "Who Goes In?" *The Economist*, vol. 203 (June 16, 1962), pp. 1079-1080.

⁶ *EFTA and the Crisis of Integration*, pp. 43-211. The idea of the establishment of a Nordic customs union goes back to the establishment of a Scandinavian monetary union and a common monetary unit (*krona*) in the nineteenth century. On the Nordic customs union, see Arthur Montgomery, "From a Northern Customs Union to EFTA," *Scandinavian Economic History Review*, vol. 18, no. 1 (1960), pp. 45-70.

the E.E.C. could be achieved on acceptable terms.

The "little free trade area"—which was to become the E.F.T.A.—was seen by its members from the outset as a "second-best" solution to the problem of European integration, and as a temporary arrangement. The E.F.T.A. came into being formally with the signing of the Stockholm Convention on January 4, 1960. As expressed in the preamble, the Convention states that its members are

Determined to facilitate the early establishment of a multilateral association for the removal of trade barriers and the promotion of closer economic co-operation between the Members of the Organization for European Economic Co-operation, including the Members of the European Economic Community.⁷

The terms of the Stockholm Convention reflect the modesty of the goals of its signers. There are no dramatic supranational goals and no elaborate institutional arrangements (the E.F.T.A. still rents its headquarters in Geneva from the Swiss government), and the terms of the Convention itself are general and vague. For example, Article 2 of the Convention states the objectives of the E.F.T.A. as the promotion of economic growth, full employment and financial stability within E.F.T.A.; the assurance of "conditions of fair competition" in trade among members; reduction of disparities in conditions of raw material supplies within E.F.T.A.; and, finally, the promotion of world trade and the "removal of barriers to it."⁸

When the British applied for full membership in the E.E.C. in 1961, it was hoped that the British negotiations would pave the way for the entry of the other E.F.T.A. members into the E.E.C., and eliminate the economic division of West Europe. Negotiations between the British and the E.E.C. began in Brussels in November, 1961, and the parties quickly reached an impasse on the issues of British acceptance of the uniform E.E.C. agricultural policy and the common external tariff. After French President Charles de

Gaulle announced that Britain was not yet prepared to accept the obligations of the Treaty of Rome, the British terminated their negotiations for membership.

The failure of the Brussels negotiations was a disappointment to those who hoped for a rapprochement between the E.F.T.A. and the E.E.C. De Gaulle's rejection of the British bid for entry caused the E.F.T.A. members to reconsider the "temporary" nature of their association, and the process of trade liberalization within the E.F.T.A. was accelerated. It was still clear, however, that any economic arrangements which did not include the E.E.C. would not be desirable, since the E.E.C. was (and remains) a major trading partner of the E.F.T.A. as a group and of each of the members of the E.F.T.A.

THE LABOUR GOVERNMENT

The question of entry into the E.E.C. was not taken up again by the British government until the spring of 1966, when Harold Wilson's Labour government had gained a reasonably comfortable majority in Parliament. The government specified five conditions—four of which involved the familiar issues of British sovereignty, agricultural policy, independence to pursue domestic economic policies, and the Commonwealth. As an added condition, the United Kingdom asserted that it had "No intention to desert its partners in E.F.T.A." The exact meaning of Great Britain's assurances that she would not "desert" the E.F.T.A., however, was never made very clear, especially in regard to the politically neutral members. Great Britain's vague assurances to the E.F.T.A., plus her imposition of a surcharge on British imports from the E.F.T.A., tempered the enthusiasm of the other members for her proposals for "bridge building" between the E.F.T.A. and the E.E.C. As seen by the other members, the import surcharge was contrary to the spirit of the Stockholm Convention, and the vagueness of Great Britain's position regarding the E.F.T.A. posed the possibility that the United Kingdom might enter the E.E.C. and impose the common external tariff against the E.F.T.A.

⁷ Convention Establishing the European Free Trade Association (Geneva: EFTA, 1961), p. 7.

⁸ *Ibid.*, p. 8.

Since the United Kingdom is clearly the dominant partner in the E.F.T.A., her entry into the E.E.C. would be certain to have a significant economic effect on the other E.F.T.A. countries. Therefore, there are two basic questions raised by the current discussions between Britain and the E.E.C. concerning British entry. First, what is the chance of British membership in the E.E.C. in the reasonably near future? Second, what would be the impact of membership on her E.F.T.A. partners?

Some of the barriers to British entry which existed in 1961–1963 have been reduced in recent years, and there seems to be a better than even chance that Great Britain will gain membership in the E.E.C. by the latter part of the present decade, possibly by 1975. However, British entry into the E.E.C. does not seem to be a certainty, and a precipitous entry seems most unlikely.⁹ The retirement of de Gaulle, of course, has removed his personal influence on the course of the negotiations, but the Gaullists remain in control of the French government. Also, there is no reason to believe that the cohesiveness and sense of European identity among the Six has lessened over the past seven years.

If Great Britain were to gain membership in the E.E.C., the impact on the other E.F.T.A. members would be significant. In 1968, Great Britain accounted for 24.7 per cent of total intra-E.F.T.A. exports and 31 per cent of total intra-E.F.T.A. imports. In the same year, she accounted for 14.2 per cent of the total combined exports and 11.1 per cent of the total combined imports of the other E.F.T.A. countries. Furthermore, all the E.F.T.A. countries except Austria and Switzerland ran trade surpluses with the United Kingdom, and of these five countries all except Finland had overall trade deficits in 1968. Thus, for most E.F.T.A. members, British trade either allowed for an overall trade surplus or reduced the size of an overall

trade deficit.¹⁰ For small countries who would find the financing of large trade deficits difficult this is important.

The impact of British trade on E.F.T.A. as a group is significant, but it varies among the individual members of E.F.T.A. The three relatively industrialized members—Austria, Sweden and Switzerland—trade less heavily with the United Kingdom than do the less industrialized members who rely primarily on food and raw material exports. Moreover, the industrialized E.F.T.A. countries earn large surpluses on items other than trade in the international accounts—namely travel, transportation, other goods and services, capital and commercial banking—which would be affected only slightly by British entry into the E.E.C.¹¹ Thus it would seem that the economic impact of British membership in the E.E.C. would be small for these countries.

AGRICULTURE

The members of E.F.T.A. which rely heavily on exports of agricultural products, foodstuffs and raw materials—namely, Denmark, Finland, Norway and Portugal—would be affected more seriously by British entry into the Common Market. All these countries rely fairly heavily on Great Britain as an export market, and in 1968 exports to Great Britain accounted for approximately 20 per cent of all exports for each of these countries. Of this group of countries, Denmark is likely to feel the greatest effect of British entry into the E.E.C. since she relies heavily on exports of bacon and butter to the United Kingdom.

Although all of the E.F.T.A. countries trade rather heavily with the United Kingdom, they all share a common interest in integration with the E.E.C., since all of the E.F.T.A. countries except Portugal trade more heavily with the E.E.C. than with Great Britain. British membership in the E.E.C. would certainly place great pressure on the other E.F.T.A. countries to seek membership, and would give a strong impetus to the elimination of the economic division of West Europe. France's assertion of her

⁹ See Leonard Tennyson, "Britain in Europe at Last?" in this issue.

¹⁰ Based on trade data in *Directions of International Trade*, various issues.

¹¹ *International Financial Statistics*, vol. 22, no. 1 (January, 1970), various pages.

independence of the United States and NATO on foreign policy questions and the subsequent loosening of the ties of the E.E.C. with NATO should relieve some of the difficulties of the political neutrals such as Austria—who has applied for E.E.C. membership—in joining the Common Market.

Integration into the Common Market, however, would pose some economic problems for the Scandinavian countries, which benefit economically from exports outside the E.E.C. and E.F.T.A., and therefore seek to maintain low tariffs. In 1968, approximately 31 per cent of the total combined exports of the Scandinavian members of E.F.T.A. went to countries which were members of neither E.F.T.A. nor E.E.C. If the Scandinavian countries were to enter the E.E.C. and adopt its common external tariff, this would raise their tariffs against countries outside the E.E.C., and would probably hurt their exports to non-members. Thus, while it is probably in the long run economic interest of the Scandinavian countries to seek trade liberalization with the E.E.C., they must consider the possible effects of Common Market membership on their exports to non-members.

AGRICULTURAL PROBLEMS

The impact of the common agricultural policy of the E.E.C. on the E.F.T.A. countries and on agricultural problems within the E.E.C. is an important obstacle to the economic integration of E.E.C. and E.F.T.A. In some E.F.T.A. countries, such as Switzerland and Great Britain, domestic agricultural interests are either opposed to membership, or at least not enthusiastic supporters of E.E.C. membership because they fear that their economic interest would be harmed by adoption of the agricultural policies of the E.E.C. In the case of Denmark, however, the obstacle is somewhat different, since Danish agricultural interests would probably benefit by E.E.C. membership. However, in seeking membership in the E.E.C., Denmark might face opposition from France, Belgium and the Netherlands—the countries which would face the strongest competition of Dan-

ish exports of meat and dairy products. In addition, the payment of price supports to Danish farmers would increase the financial burden in the E.E.C. of subsidy payments and overproduction, and probably increase the pressure for the lowering of price supports on agricultural products. Since agricultural interests constitute a powerful political force in the E.E.C. countries, political leaders within the E.E.C. must consider very carefully the impact of the entry of the agricultural producers in the E.F.T.A. into the Market.

The future course of European economic integration and the future of the E.F.T.A. are not clear. British application for membership in E.E.C. does not ensure that the United Kingdom will actually gain membership. Since the other members of E.F.T.A. are too small to bargain effectively for membership individually, and since Great Britain is a major trading partner for most of the other E.F.T.A. members, a second failure of Great Britain to gain membership in the E.E.C. might give the E.F.T.A. a stronger sense of purpose and a new lease on life which would prolong the economic division of West Europe. The E.F.T.A., having achieved additional momentum of its own as an organization, may not be as anxious to dissolve into the Common Market as its founders originally intended.

The fact that the E.F.T.A., with its modest purposes as a temporary association, is still in existence and is about to expand its membership to include Iceland is concrete evidence of the failure of previous attempts at complete economic integration of West Europe. The importance of foreign trade in the E.F.T.A. economies will undoubtedly provide the pressure for broadening their economic relationships with the E.E.C., but the nature of the broader economic relationship is not certain.

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"Pompidou is drawing away from de Gaulle in his European policy. His point of view is certainly not 'European'. . . . He is aware that the European countries must join together to do what they cannot accomplish separately, and that the institutions of the Community must be utilized toward this end."

France and the Atlantic Community

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FOR SEVERAL YEARS, France seems to have been breaking away from the Atlantic Community. In 1966, President Charles de Gaulle initiated France's withdrawal from NATO's integrated military command, while maintaining his country in the Atlantic alliance. But the privileged relations which de Gaulle maintained with the Soviet Union made it appear that France was really neutral.

France's foreign policy underwent a strong change in direction during the last year of de Gaulle's presidency. Two major events contributed to this: the French social and economic crisis of May-June, 1968, which required France to rely on the monetary solidarity of the Western industrial countries (particularly the United States); and the Soviet invasion of Czechoslovakia, which demonstrated that the Warsaw Pact was the instrument of Russian imperialism and that the concept of a Europe stretching from the Atlantic to the Ural was unrealistic.

Political observers asked themselves about the diplomatic objectives of President Georges Pompidou, elected in June, 1969. In his first press conference, on July 10, Pompidou recalled "the primacy of the chief of state which is given to him by a national mandate and which it is his duty to maintain." But the government which he has appointed is a composite of varied opinion. Michel Debré, Minister of National Defense

and a follower of strict Gaullist orthodoxy in foreign affairs, is seated next to Valéry Giscard-d'Estaing, Minister of Finance, who recently joined the Action Committee for the United States of Europe. The Premier, Jacques Chaban-Delmas, and the Minister of Foreign Affairs, Maurice Schumann, are midway between these two poles.

French diplomacy has been very active since the presidential election, and it is possible to pass judgment on Pompidou's orientation by grouping the facts under three headings: the Atlantic Alliance and relations with the superpowers; the integration of West Europe and relations with East Europe; and finally, the Middle East and the Mediterranean.

THE ATLANTIC ALLIANCE AND RELATIONS WITH THE SUPERPOWERS

When de Gaulle resigned in April, 1969, it was clear that France was no longer planning to leave the Atlantic Alliance, as the treaty authorized her to do in 1969. France had joined in the communiqué of the North Atlantic Council of November 16, 1968, which stated that "any Soviet intervention in the Mediterranean would provoke an international crisis with serious consequences." In May, 1969, France rallied to the doctrine of graduated response, authored by General Michel Fourquet, Chief of the Army General Staff—a doctrine she had constantly fought

within the Alliance. The adoption of this strategy signified that the isolated use of French striking power was no longer realistic.

In a ministerial statement in June, 1969, the Premier affirmed France's loyalty to the Atlantic alliance. In his press conference of June 10, Georges Pompidou had declared, "France still considers herself not only the friend but the ally of the United States. France considers that this alliance must be exercised within the framework of the Treaty and outside any organization like NATO." With regard to armaments, the President of the Republic added: "In my opinion, expenditures for a nuclear force are of the highest priority."

In November, 1969, when the national defense budget was voted on, Defense Minister Michel Debré stressed France's desire for independence and the defensive character of strategic nuclear forces. However, the progress report on the authorization for expenditures on military equipment for 1965-1970 showed a two- to three-year delay regarding projected nuclear armaments. This is the case for missiles stored in underground silos, whose number was reduced from 27 to 18, for nuclear submarines (the second one was launched in December, 1969, but the first will not be operational until the end of 1971) and, finally, for tactical atomic weapons, which will not be available to the army until 1972 or 1973.

This gap preoccupies the French military authorities, whose troops will not benefit from United States tactical atomic weapons because of France's refusal, at the time of her withdrawal from NATO, to accept the double-command system. Talks were reportedly initiated with the United States and NATO with the goal of establishing under what conditions NATO would be able to protect conventional French forces in Germany. Following these talks, it would be possible to determine the mission of the French forces.

At the time of his electoral campaign, the President had not dismissed the possibility of Anglo-French collaboration in the realm of nuclear armaments. It was no doubt toward this end that Fourquet was sent on a

fact-finding mission to London in November, 1969, even though Debré expressed his skepticism about a European defense system a few days later before the National Assembly: "There is no defense but national defense, even within alliances."

President Pompidou has not modified his predecessor's position with regard to the non-proliferation treaty: France will not sign the treaty but will respect its spirit. Neither has he decided to have France rejoin the Disarmament Conference in Geneva.

In its relations with the superpowers, French diplomacy has continued the evolution initiated in 1968. Pompidou's press conference of July 10, 1969, has already been cited. On November 4, Maurice Schumann declared to the National Assembly that the United States "represents the ultimate refuge of the West." In his revised address of December 15, Pompidou mentioned among the essential aims of his diplomatic policy "the tightening of our secular ties with our American friends and allies, as well as our cooperation with the Soviet Union." The nuance is significant: Washington supersedes Moscow and the President of the Republic will not go to Moscow in 1970 until several months after his February visit to Washington.

In fact, Franco-Soviet cooperation is developing primarily on technical and commercial levels. The most important political passage of the communiqué published following Schumann's visit to Moscow concerns the European Security Conference. France was able to have a sentence inserted in the communiqué stating that one of the objectives of this conference was to "end the division of Europe into blocs." This is really a case of fidelity to Gaullist thought and particularly to Gaullist vocabulary rather than an objective statement of the facts. In his address of December 15, 1969, Pompidou renewed his "refusal of any policy of blocs."

RELATIONS WITH EUROPE

De Gaulle's European policy was not affected by the internal and international events of 1968. In his press conference of

September 9, 1968, de Gaulle condemned once more any supranational system among the Common Market Six and renewed his veto of British entry into the Common Market. In February, 1969, de Gaulle spoke in private with the British Ambassador. The tenor of the conversation was revealed by the British press. De Gaulle seemed to be making an "overture" to Britain, not with regard to her admission in the European Economic Community, but rather with the intent of replacing that organization with a much larger one, less restrictive and freed from all traces of supranationality. At the same time, de Gaulle decided that France would no longer sit on the Council of the Western European Union.

He would thus leave to his successor a heavy liability in the European domain. In 10 years, the Common Market had retrogressed rather than progressed as an institution, since the role of the Brussels Commission had been diminished and the rule of majority approval by the Council of Ministers had been set aside. British membership had been rejected for seven years. This negative attitude had irritated France's partners. Finally, at the very moment when the customs union of the Six was becoming effective, a European monetary crisis underlined the disparity between the French franc and the German mark and the fictitious nature of the customs union. Nevertheless, the Action Committee for the United States of Europe, prompted by Jean Monnet, had the Parliaments of France's partners vote on a series of resolutions on the integration of Europe, and additional weight was given to these resolutions in October, 1968, by the support of Britain's three political parties.

If France had persisted in the path traced by de Gaulle, she would have found herself isolated in West Europe. From May, 1969, on, during the presidential election campaign, Pompidou felt that it was "dramatic" to leave Great Britain out of Europe. In a statement in June, the Premier said: "Concerning European integration, we are prepared to move as fast and as far as our partners." Pompidou launched the idea of-

a summit conference to debate European questions.

The devaluation of the French franc on August 8, 1969, and the revaluation of the German mark on October 24 highlighted the disparities between the two principal currencies of the Common Market and endangered the common agricultural policy of the Six. The member states of the E.E.C. became aware of the necessity for stricter coordination of their economic policies.

This was the background of the summit conference of the Six which was held at The Hague on December 1 and 2, 1969. Above all, the communiqué of the conference must be considered an act of political will. The political ends of the Community were reaffirmed. The Ministers of Foreign Affairs were charged to study the best method of making progress toward political unification. The French position was a demand that the Common Market should be completed and should be consolidated before it took in new members.

By completion, the French delegation meant the adoption, before the end of the year, of the financial regulation on common agricultural policy. In order to achieve this fundamental demand, France was forced to accept a certain reduction in the percentage of subsidies which she had previously received. France's partners may refrain from giving legislative approval to financial regulation until they have examined the measures required to reduce the Community's agricultural surpluses—which are essentially French surpluses.

Readopting the basic measures which had been set aside by France in 1965, the Six decided to absorb gradually into the Community's budget the revenue from agricultural levies, customs duties, and a small fraction of the revenue from the value-added tax. As a consequence, the European Parliament's powers of amendment and control over the budget would be augmented. These supranationalistic measures provoked a protest from Debré in the French Cabinet, and led the French representatives at the Brussels proceedings in January, 1970, to take

a more restricted attitude than they had at The Hague. A compromise was proposed by the Belgian Minister of Foreign Affairs. It permitted the European Parliament to propose new expenditures only within rather narrow limits.

For the French representatives at The Hague, the consolidation of the European Common Market involved monetary and technical problems. After the monetary crisis of November, 1968, and the changes in parity in 1969, the leaders of the Six realized the instability of a customs union which did not rest on a common economic policy. They decided at first to adopt the memorandum of the Commission, submitted in February, 1969, and known as the Barre Plan. This document proposed to the member states a system of mutual aid in line with the procedure anticipated by Article 108 of the Treaty of Rome, which had never been applied. This procedure was adopted and a ceiling on short-term mutual aid was set in January, 1970. But The Hague communiqué went beyond the Barre Plan. It demanded that the Council of Ministers of the Six, in collaboration with the Commission, draw up in 1970 a step-by-step plan to create an economic and monetary union. This plan would include in particular the possibility of instituting a European reserve fund.

On the technological level, French proposals for cooperation—the installation of a European isotope separation plant, the initiation of a common program for fast reactors, and the building of a high-capacity computer—provoked little response. On the other hand, the communiqué recommended the setting up of a new research program for Euratom, in connection with industry.

The extension of the Common Market concerned British membership. A revealing index of the evolving opinion of the parliamentary majority was the presentation in November, 1969, before the Foreign Affairs Commission of the National Assembly, of a report by its chairman, Jean de Broglie, former Secretary of State for Foreign Affairs under de Gaulle. The author wrote: "It is

in France's interest that England sign the Treaty of Rome." He cited in succession the political advantage of membership, stemming from British democratic and parliamentary tradition, and the improved economic equilibrium which would result from the confrontation of the technology, industry and financial market of Great Britain with their German counterparts, whose potential was increasing rapidly. He added that the possibility of organizing a European nuclear force rested on an Anglo-French accord. All these arguments were considered by the French representatives at The Hague when they agreed to the opening of negotiations between the Community and the candidate states. The Six would first have to agree among themselves on the conditions for admission. The Community specified that "by common assent, these preparations will be accomplished in the most positive spirit." No date was mentioned for the opening of negotiations, but a likely date is July, 1970.

Given the importance of the decisions at The Hague, one wonders why France continues to refuse to sit on the Council of the Western European Union, the sole institution common to both Great Britain and the Six. Despite Belgium's efforts at reconciliation, France was absent from the January, 1970, session. But on the other hand, Maurice Schumann's visit to London on January 22 and 23 confirmed the noticeable improvement in Anglo-French relations.

An analysis of the results of The Hague conference indicates that French policy prevailed on the points of completion and reinforcement of the Market, and that her partners prevailed with regard to the extension of the Community. The general accord was made possible by a Franco-German entente.

An editorial in the December 4, 1969, issue of *Le Monde* expressed regret at "the kind of timidity which prevented Mr. Pompidou from benefiting from the exceptional chance he was offered to show the way to all of Europe"—that is, to raise himself from the level of technical discussion to that of top-level policy. But it is only fair to recog-

nize that the President of the Republic has taken a considerable step forward. His December 1 declaration at The Hague, whose tone was disappointing, must be considered in relation to the last position taken by de Gaulle regarding Britain, that is, his discussion with British Ambassador Christopher Soames, mentioned above. It must also be asked if the U.D.R. (Gaullist) party in the National Assembly, and particularly its right wing led by Michel Debré, would have accepted a more daring commitment in favor of the integration of Europe.

West German Chancellor Willy Brandt, the star of The Hague summit, was largely responsible for the success of that meeting. Far from following an autonomous policy (which Germany's economic strength would have allowed), he opened the way for European cooperation by supporting both the agricultural and common monetary policies.

Moreover, to repeat the expression used in turn by Pompidou and Brandt, Franco-German bilateral relations are "exemplary." The Federal Chancellor's visit to Paris on January 30 and 31, 1970, proved to be fruitful within the framework of the 1963 Treaty of Cooperation. A desire was shown to strengthen the industrial relations between the two countries, notably concerning the production of nuclear energy and space research. The joint construction of a light water reactor is envisaged. This would result in a rapprochement between French industry and the German Siemens firm, a move expected after the French government's refusal to authorize the participation of Westinghouse in the French electro-mechanical industry.

It is in the area of relations with East Europe and the Soviet Union that the Franco-German entente has had the greatest significance. The Socialist-led German government which came to power after the elections of October, 1969, has entered into a policy of active detente with the East. Negotiations have begun with the U.S.S.R., Poland, and with East Germany. The West German objective is to establish normal relations with these three states. It might

be feared that France, which had been an early leader in the movement toward political detente, might be offended by the German initiatives, and that the fear of too close a relationship between the Federal Republic of Germany and the Soviet Union might be revived. But if Paris has less to offer the Eastern countries than Bonn, France's caution nonetheless provides a trump card for the West German government. In this respect, Pompidou expressed himself unequivocally. On January 30, 1970, he said to Brandt: "France approves your government's efforts to open a dialogue with Soviet Russia and her allies."

NORTH AFRICA AND THE MIDDLE EAST

After the Evian accords were signed in 1962, de Gaulle made Algeria the pivot of his Third World policy and particularly of his policy toward the Arab world. The French and Algerian economies remained closely interdependent. France had yielded considerable advantages to Algeria in prospecting for oil and natural gas, and in fixing the purchase price of these fuels. Algeria furnished France with 40 per cent of her crude oil consumption. France had agreed to buy the larger part of the Algerian wine harvest at twice the world rate; France employed about 500,000 Algerian workers. On the other hand, the Soviet Union was the exclusive supplier of arms and military advisers to Algeria, to such an extent that France had begun to fear that the Soviets would exert a dominating political and military influence on Algeria.

It was precisely to counterbalance this influence that France decided in July, 1969, to deliver 28 subsonic *Fouga-Magister* fighter planes to Algeria and, in January, 1970, to build a pilot training school at Bou Sfer, near the naval base of Mers-el-Kébin. Moreover, France has just accepted a great number of Algerian officers and N.C.O.'s as students in her military schools. Meanwhile, the Minister of Foreign Affairs, Maurice Schumann, traveled to Algiers in October, 1969, to stimulate economic cooperation—particularly in the areas of wine and oil.

Schumann also visited President Habib Bourguiba in Tunis. In his address of December 15, 1969, Pompidou hinted at a restoration of diplomatic relations with Morocco, relations which had been interrupted since 1965, following the Ben Barka affair.¹ This decision became official in January, 1970, and as early as February, King Hassan II traveled to Paris.

In a few months, then, Pompidou had given a new impetus to cooperation between France and the three countries of North Africa.

Would he, like his predecessor, create an even greater estrangement from Israel? Since the Suez expedition in 1956, France had become Israel's principal supplier of arms, whose utilization—in case of conflict—would scarcely be compatible with the direction of French policy after the Evian accords. In June, 1967, following the Six Day War, de Gaulle had placed an embargo on the 50 *Mirage* jets that France was supposed to deliver shortly to Israel. Following a raid on the Beirut airfield, in January, 1969, de Gaulle had extended the embargo to the delivery of all military equipment destined for Israel. In the same spirit, he had agreed to deliver offensive arms to Iraq, who maintained troops in Jordan.

The new President of the Republic seemed at first to behave like a true mediator. During his press conference of July 10, 1969, he said: "The object of France's policy is not to sell armaments, but to work toward the reestablishment of peace." In addition, he ceased to offer opposition to Israel's association in the Common Market. He also hinted at a return to a selective rather than a total embargo—like the one that had been in force prior to the raid on the Beirut airfield.

On the other hand, during this period

¹ Mehdi Ben Barka, the leading opponent of the Moroccan government, was kidnapped in Paris, in October, 1965, with the help of French secret police.

² During the night of December 25, 1969, five embargoed warships were slipped out of the harbor at Cherbourg by Israeli agents and sailed for Haifa. This daring move may have been inspired by a conviction that the French government had taken a definite stand against Israel.

France agreed to sell *Mirage* jets to the Libyan revolutionary government.² On November 19, 1969, *The New York Times* revealed the existence of a contract for 50 planes. The French government first termed the figure "exaggerated," but on January 21, 1970, Michel Debré announced to the Defense Commission of the National Assembly that France would sell not 50 but 100 *Mirages* to Libya.

FRENCH OPINION

A large portion of French opinion feared that considering Libya's population, geographical location and political opinions, these planes would be used against Israel one day. It considered that France should either sell planes to all the belligerents and lift the embargo against Israel or refrain from selling armaments to anyone—a position which the President of the Republic had seemed to embrace a few months earlier.

The government at first presented an economic rationalization of its decision. Libya was an important supplier of oil. The French balance of payments with Libya showed a deficit. This deficit would be reduced by the sale of arms and industrial equipment to a completely solvent client. On the military level, the government emphasized that the sales would be spaced over a long period and that there would no doubt be a peaceful settlement before all the planes were delivered. With regard to the balance of power, Chaban-Delmas, in an interview with *L'Express* on January 19, 1970, expressed the opinion that it was not desirable in the long run "for the Western countries, and even for Israel, that the Arab world have the Eastern countries as spokesmen."

The real motive seems to be the one revealed by Pompidou in his speech of December 15: "Reinforcement of the French presence in the Mediterranean," and by the Premier in his address to the U.D.R. deputies on January 21: "The Mediterranean must be the sea of those who border on it." On January 27, Chaban-Delmas stressed once more that the issue involved "Mediterranean and African policy."

At the beginning of January, 1970, the United States government had expressed serious misgivings over France's arming of Libya. Following the announcement of the actual number of planes involved in the transaction, President Richard Nixon declared in a press conference on January 25 that "the United States is prepared to furnish the necessary military equipment to friendly governments which, like Israel, are defending their people's security." Thus the arms race in the Middle East has been renewed.

Despite the change in de Gaulle's foreign policy which had been caused in the last year of his reign by social problems in France and the invasion of Czechoslovakia, de Gaulle left his successor a difficult situation.

He had set up a complex policy, alternating brutality and subtlety, which, in its global action, was often more verbal than effective. The cold war against the United States, the abuse of veto power in Europe, and the stand against Israel had wounded and disoriented many of France's partners in the diplomatic game.

Georges Pompidou enters the international stage with less ambition and more realism. He knows that France does not command the resources which would allow her to play a role in all parts of the world comparable to that of the superpowers. He is therefore discreet with regard to Vietnam and, without getting involved personally, he is allowing a junior minister to take a few steps down the path opened by de Gaulle in Canada. Faithful to what one could call de Gaulle's "after-May" policy toward the Atlantic Pact, Pompidou is concentrating his diplomatic action on the two sectors which seem to him to be in France's basic interest: Europe and the Mediterranean.

What observers were guessing at the end of 1969 is completely evident today: France is no longer neutral. Washington has superseded Moscow. The year 1969 passed without France's having denounced, or even thought of denouncing, the North Atlantic Pact. Nevertheless, because of a sentimental fidelity toward his predecessor and in order not to clash head on with a fraction of his

Assembly majority, Pompidou does not envisage a total French return to NATO. But he intends to assure practical cooperation between French and Allied forces in Germany and in the Mediterranean. He also intends to seek a detente with the Soviet Union.

Pompidou is drawing away from de Gaulle in his European policy. His point of view is certainly not "European." Like British Prime Minister Harold Wilson in 1967, Pompidou has adopted this view out of necessity. He is aware that France cannot take the leadership in Europe and that British entry into the Common Market will be a useful counterweight to the dynamism of the Federal Republic of Germany. He is aware that the European countries must join together to do what they cannot accomplish separately, and that the institutions of the Community must be utilized toward this end. His problem is to protect particular interests, such as those of the French farmers, and to organize effective cooperation in an area where it has been lacking—monetary affairs. The veto against British membership has been lifted. France has given support to West Germany's policy of detente with the East.

If an objection can be raised against Pompidou's European policy, which is largely supported by French opinion, it is that the policy is too timid. The probability of a reduction in the number of United States forces in Germany, the talks between the United States and the U.S.S.R. on strategic arms control and the perspective of a Pan-European conference confronting the Euro-

(Continued on page 306)

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"The beneficial effects of Britain's membership in the European Community for Britain, the Community and the outside world are nearly impossible to gauge," notes this specialist, who declares that ". . . the short-term disadvantages, particularly for Britain and the Community, should be outweighed by long-term gains in the economic, social and political fields."

Britain in Europe at Last?

BY LEONARD B. TENNYSON

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IN JULY OF 1970 the United Kingdom will renew its second bid for membership in the European Communities. This time a distinctly "now or never" climate of expectancy is growing in London and in the capitals of the six member nations. No longer is there any talk of whether the time is ripe and whether Britain or the Community is really "ready" for negotiations. Rather, there is frank talk about hard issues and problems and about the "political will" on both sides of the Channel to see membership talks through to a successful conclusion.

The green light for negotiations came on December 2, 1969, following a two-day summit meeting in The Hague of the heads of state or government of the nations of the European Community. The signal Britain had been waiting for was contained in the 16-point communiqué issued by the Six after the summit meeting. A single sentence said:

The entry of other countries of this Continent to the Communities—in accordance with the Treaties of Rome—would undoubtedly help the Communities to grow to dimensions more in conformity with the present state of world economy and technology.

The language of the invitation was hardly cordial. Great Britain was not explicitly mentioned but was lumped together with the "other" applicant countries: Denmark, Norway and Ireland. This was not so much a warm welcome to join the club as it was rec-

ognition of the need to match the strength and scale of the two great industrial-technological economies of the United States and the Soviet Union by enlarging the population of the Community.

More than opening the door, the summit meeting had also rescued the European Community from uncertainty and continuing crisis. It reaffirmed the political will of the Six to strengthen the Common Market with timetable decisions on the establishment of full economic union and monetary union, of independent financial resources, and of budgetary control by the European Parliament. Thus the summit results at the same time quieted fears heard in Europe that the price paid by the Six for British membership might be too high—that of "watering down" the Common Market to little more than a free trade area. The results of strengthening the Community, commented one British observer, ought to be welcomed in London as evidence that it was still worth joining. Yet the "price" continued to be the main subject under discussion.

Britain's accession to the Treaties of Rome by the mid-1970's could be one of the most important European and world events of the decade. It could change profoundly the economic and political role of Europe in the world. The Common Market is already the world's number one trader. British membership, together with that of the three other

applicant countries, would mean the coming-into-being of an economic unit of 260 million people, dwarfing the United States and the U.S.S.R. in trade strength and even in certain industrial sectors.

The effect of such an alteration in the world's economic and political balance has not been overlooked by the principals involved or by interested outsiders. There were calculations and assumptions about British membership in 1961-1962 and again in 1967. Because of changes in the fortunes of nations, many of these are no longer valid. New issues are being studied at the headquarters of the Commission of the European Communities in Brussels, in London, in the capitals of the Six, the United States, the members of the European Free Trade Association (E.F.T.A.), British Commonwealth countries, and even in African and Latin American capitals. Questions range from voting rights in the Council of Ministers and the number of members in a new commission of an enlarged Community to the price of eggs in Britain and the future of New Zealand butter and Jamaican sugar. The key question is: "Will Britain go in?"

THE ISSUES FOR BRITAIN

The three major political parties in the United Kingdom have declared their readiness to support membership in the European Communities. This was not true in 1961, when the Labour party failed to rally to the cause. However, by 1967, the Labour party changed its mind. The reason was clear. Despite herculean fiscal efforts, export drives and financial restraint, the British economy was still losing ground. Over a period from 1958 to 1967, when the Community's growth rate had averaged 5.1 per cent per year, the United Kingdom lagged along at a 3.2 per cent annual rate. Finally, at the end of 1967, the pound was once again devalued. Whatever the political reasons for applying

for membership, the economic reason was as compelling as it was in 1961: Britain could no longer "go it alone" in a world of economic giants. One trade factor itself tells the story: from 1958 to 1968, Britain's trade volume increased 132 per cent with the European Communities whereas it rose only by 85 per cent with the United States and 24 per cent with the Sterling Area. Even the United Kingdom's trade with E.F.T.A. had declined by 1968 despite the removal of tariff restrictions within the group.

Britain's most recent economic assessment of the "cost" of entry appeared in February, 1970, in the form of a "white paper" submitted to Parliament by the Labour government. It had promised to set out in bold, clear terms the economic price the United Kingdom might have to pay for membership. But as an exercise in the quantification of the future it failed. The extreme ranges of maximum and minimum "costs" were so great that they provided neither guidelines for negotiators nor comfort to proponents or opponents of entry. For instance, it was estimated that the total cost could go as high as \$2.64 billion on the debit side of the balance of payments or as low as \$240 million; food prices could rise from between 18 to 26 per cent, leading to a cost-of-living increase of from four to five per cent. But the paper itself disclaimed an authoritative view of the future. As the Prime Minister told the House of Commons, the paper could not measure the cost of entry, for that could only emerge in the negotiations.

"Agriculture," Edgar Pisani has remarked, "is a basic datum of civilization and a traditional sphere of public action," and therefore tends to occupy "a bigger place in European debates than its real economic or social importance would normally allow it to claim."¹

This is certainly true of the agricultural affairs of the European Community and is the most important single issue affecting British membership. For Britain, it is an economic and a gut issue. Britain's food prices are low and the Community's are high. Joining the Community would mean that the

¹ *Problems of British entry into the E.E.C.: Report to the Action Committee for the United States of Europe*, Chatham House and PEP Publications, September, 1969.

British housewife would have to pay more for her family's food, because Britain would be required to accept the Community's common agricultural policy (CAP) and, in effect, help to subsidize a still inefficient Community farm economy with high prices. Britain and the other three applicants are more efficient farm producers than the European Community. British farmers represent 3 per cent of the United Kingdom's labor force as compared to 14 per cent in the Community; they contribute 3 per cent of the Gross National Product as compared to a contribution of only 7.8 per cent by the farmers of the Six.

Britain is a net importer of farm products and her home market is not protected. Only the farmers' income is protected. They are being afforded direct "deficiency payments" to maintain income; the total government subsidy provides 57 per cent of the annual British agricultural income. In the national budget, this represents a share of about 2.7 per cent. In the Community, aid to the farmers is in the range of 40 per cent of agricultural income, but the budget expenditure is about 4.8 per cent of the national budgets of the Six—nearly twice that of Britain's. Finally, the agricultural structures and the systems of support for agriculture in Britain and in the Community vary widely. More than any other issue, this "shopping bag" problem today tends to turn British voters against Common Market entry. Recent public opinion polls in Britain reveal that the price of food is the central issue in determining whether or not the public and Parliament will, in the end, support membership.

Awareness of this pressure is as acute in Brussels as it is in London. Formulas are being discussed whereby a transition period of from three to five years might be established to enable Britain to adapt gradually to the requirements of the Community's CAP. In turn, the breathing space could give the Community time to reduce farm surpluses and undertake badly-needed structural reforms in agriculture, thus reducing the farm-food cost to Britain. More than one *fonctionnaire* in the Commission headquarters in

Brussels has made the hopeful remark that the negotiations with Britain may force the Community to grasp the nettle and speed the agricultural reform blocked for so long in the Council of Ministers.

The farm problem in the context of membership negotiations is by no means an isolated one. It bears upon, and will be affected by, decisions in other sectors. Though British farmers and housewives are highly chary about British membership, British industry is, generally, strongly in favor of entry. The Confederation of British Industries, in a statement issued at the end of 1969, urged Britain to join—if the price were right. The 60,000-word C.B.I. document, however, did not say what the right price was. Like the Prime Minister's reservation to Parliament, it declared that acceptable limits would emerge only from the negotiations. At the same time, the C.B.I. cautioned that the price of staying out of the Common Market, equally unquantifiable, might also be unacceptably high.

There are no serious problems in joining the Common Market as far as Britain's industrial sector is concerned. Indeed, all of the calculations of the C.B.I. and the Government tend to balance the heavy costs to Britain of the common agricultural policy (especially in initial stages) against increasingly higher benefits derived from membership in a single market of upward of 250 million people. The C.B.I. report said that British industries would for the first time be able to market and manufacture their products on a scale which would yield substantial economies. In addition, the report saw a healthy effect, particularly for concentrations in British industry, in exposure to stiffer competition. Lastly, the C.B.I. predicted that membership would result in stimulating investment in British industry because of the new promise of growth in a large market and the absence of exchange controls.

Comparative industry and social performance statistics in the United Kingdom and the European Community can also influence decisions reached during the membership negotiations. The United Kingdom enjoyed

an industrial growth rate in the 10 years from 1958 to 1968 of 38 per cent while the Community's, over the same period, was more than double—80 per cent. In the ten-year period between 1958 and 1968, the per capita G.N.P. of Britain increased 58 per cent while in the Community the per capita G.N.P. rose 97 per cent. Over the same period, incomes rose by 61 per cent in the United Kingdom and by 106 per cent in the Common Market countries. Fringe benefits to workers also showed a marked difference. In the United Kingdom, they constituted a 21.6 per cent addition to the wage bill in 1967 whereas, in the Community, wage-related benefits increased the wage bill from 40 to 90 per cent.

There is abundant evidence that Britain no longer can play banker to the world, a role she acquired historically and has shared with the United States since the end of World War II. Joining the Community can provide the opportunity for her to phase out this responsibility. Robert Triffin has said that Britain's problem in the international monetary field is not one of solvency but of liquidity. Sterling still exists as one of the world's two major trading currencies, although Britain no longer can afford the assaults upon her reserves and her balance of payments caused by speculative movements out of sterling. It has been advocated by Triffin that sterling reserves be converted into reserves of the International Monetary Fund and of the eventual European Monetary Fund (the latter foreseen in the summit meeting) and that

multiple credits and commitments should be integrated in an overall plan which more closely reflects the real contribution towards solving the problem, which wipes out in advance the surplus sterling balances, without waiting for the speculative movements which they set off and intensify, and which more realistically adjusts the repayment maturities expected of the United Kingdom.²

The problem of Britain's monetary position and her membership in the Community is not regarded as insurmountable, if she is willing

to accept the economic and monetary policy objectives of the Six and if a transition mechanism permits limited parity adjustments until such time as a monetary union is achieved and fixed rates become essential, creating a de facto European currency.

One other "problem area" facing British membership deserves mention. It results from Britain's commitments to certain Commonwealth nations through the Commonwealth preference system. Although it is true that for Britain the preference system no longer holds any allure for export prospects, several countries, and notably New Zealand and Australia, still rely mainly upon the United Kingdom market for selling certain products. New Zealand, for example, ships 85 per cent of her butter production to the United Kingdom and, under the Commonwealth Sugar Agreement, the United Kingdom takes 1.8 million metric tons of sugar annually from many small nations (including Caribbean states) whose main income derives from these exports. Some special transition measures, especially for New Zealand butter and Commonwealth sugar, will have to be provided so that these highly dependent countries do not suffer income withdrawal during the period when the United Kingdom itself is adapting to the CAP and until the enlarged Community restructures its own farm economy and can successfully absorb these exports.

THE ISSUES FOR THE COMMUNITY

The economic and financial problems of United Kingdom membership as seen from the Community's viewpoint are cast in a similar light. It is commonly accepted that the agricultural situation is the most serious and challenging. Following a decision on February 7, 1970, by the Council of Ministers, the final form of the Community's agricultural financing system was agreed upon. Consequently, this system of support and contribution cannot be negotiated. However, levels of contributions, price levels, and the nature of structural reforms (to reduce surpluses and create a more efficient farm economy) are fair subjects for negotiation.

² *Ibid.*

In some respects, the farm situation in the Six compares with the situation in the United States prior to World War II. Then the special nature of the nation's agricultural problems and the social impact of technology upon the farmer and his income was met by means of intricate measures legislated in Congress to insulate and protect the farm economy. Productivity, due to technology, rose so quickly that not only United States farm products but also farmers were in surplus. Now the United States farm population is down to 4.6 per cent of the working population and farm income is 2.9 per cent of the United States G.N.P. In comparison, the Community has a long way to go. In the meantime, Europe's farmers must live, even at the cost of a high support system and certain protectionist policies.

In some degree, the continuing farm dilemma in Europe is an institutional problem. Institutional changes and modifications, in turn, are at the heart of the Commission's preoccupation with the British negotiations. For instance, structural reform of agriculture was detailed in a proposal by the Commission to the Community's Council of Ministers two years ago. But the Council has yet to act upon the original proposal or upon revisions of it. One reason is that the rule of unanimity is still being honored by the Council (partly a legacy of the years of crisis brought on by France) even though the Council is now obliged to take nearly all decisions on executive proposals by weighted majority vote. Thus the short-term interests of one or two member states (as in the case of agriculture) can block the long-term interests of the majority. A Commission report on enlargement has specifically urged that all decisions in the Council be taken by weighted majority vote (unless otherwise specified in the Treaty) before negotiations begin.

Enlargement, the Commission report has stressed, must strengthen, not weaken, the Community's institutions. The summit meeting in The Hague also urged the strengthening of the Community but omitted specific reference to procedures in the Council of Ministers.

The executive branch of the Community, the Commission, will undergo a change in composition with the addition of four new members. This raises a serious question about its size and collegiate character. The present (interim) size of the Commission—14 members—has proved not so effective as the nine-member Commission which was enlarged on July 1, 1967. The executive branch is scheduled to be reduced again to nine on July 1, 1970. At that time there will be undoubtedly two members from France, Germany and Italy, and one member each from the Benelux countries. Not yet officially proposed but under discussion in various European quarters is the consideration of a Commission after enlargement with at least one member from each of the member countries which would eventually be reduced to a collegiate body of seven. There is theoretically no need for a citizen from every member country, large or small, to occupy a seat on the Commission since any member, regardless of origin, would be pledged to abide by the treaty and would be forbidden to follow national dictates or any other vested interest.

No difficulties arise in the composition of the Community's Court of Justice as the result of enlargement as long as the number of the judges remains uneven (it is now a seven-member bench).

The one institution likely to experience a considerable change with the admission of Britain, Denmark, Norway and Ireland will be the European Parliament. It is possible that this assembly of 142 members (36 each from France, Germany and Italy, and 14 each from The Netherlands and Belgium and

(Continued on page 309)

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"In line with the democratic experience of the past 20 years, Italian national and international political concerns have moved toward the defense of republican institutions, the prevention of external aggression and the guarantee for international peace and coexistence. This process, though gradual and somehow disarticulated, has never stopped."

Italy in Europe

BY PELLEGRINO NAZZARO

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EIGHT YEARS AGO the bases for a historic encounter between Catholics and Socialists were laid down in Italy. Since then a new political formula has been introduced, the so-called opening to the left. By moving leftward, the new governmental coalition replaced the static and unproductive Centrism which ruled Italy since Alcide De Gasperi's fourth Cabinet in 1947.

The new combination has enabled Italy to run a political experiment that in many circumstances, especially before the advent of fascism, had been advocated as the only feasible form of government which might have prevented Italy's democratic and parliamentary institutions from declining. The collaboration between Christian Democrats and Socialists together with radical Republicans at governmental level since 1964 has resulted in a solid democratic coalition able to enact an efficient and empirical program to regenerate Italy's socio-economic structure. The combination, while promising the continuation of a pro-Western foreign policy, has sought to extend social planning. It has advocated stronger state economic control to eliminate the seemingly permanent disequilibrium which exists between north and south and to establish a more balanced economic system based on an extensive process of productive reconversion through larger investments.

The immediate consequence of this new

political and programmatic trend has become apparent in the faster advance toward modernization of the industrial system which has led to a steady annual increase in the gross national product (G.N.P.). In 1950, the Italian G.N.P. increased only 5.8 per cent. In 1968, it rose to 6 per cent. At the end of 1969 it reached almost 7 per cent, representing the highest growth rate in West Europe.

In 1969, the general economic situation improved, and at present the process of expansion seems very promising. In terms of economic growth, Italy has made an impressive step toward an equal distribution of national wealth among her citizens. Out of a total population of 54,089,530 (June, 1969) and a total labor force of 19,528,000, 18,925,000 were fully employed, 294,000 were unemployed, 235,000 were underemployed, and 309,000 were seeking their first jobs.

Industry was in a phase of expansion and development. Industrial workers numbered 8,027,000 (with only 168,000 unemployed and 58,000 underemployed) while agriculture, in a phase of contraction, absorbed only 4,223,000 full-time workers (with 37,000 unemployed and 118,000 underemployed). The general index of gross national production of goods and services increased during the first six months of 1969, reaching the highest average in June (8.2 per cent). According to the Central Institute of Statistics, all sec-

tors of industry registered an active increase in production, reflecting a steady upward trend.

ITALY'S FOREIGN TRADE

One of the many positive successes of the Italian economic system during 1968 was an outstanding boom in exports. Exports in 1968 were valued at 6,364,500 million lire (\$10 billion). The rise was estimated to be 17 per cent above 1967 and 200 per cent above 1960. Imports totaled 6,407,880 million lire (\$10.1 billion), with an increase of 4.3 per cent over the same period of 1967. Because of the excellent trade situation and its general favorable trend, the international balance of payments registered a considerable surplus, well above the figure of 1967 (\$600 million surplus).

Italy now has the fourth largest gold reserve in the world after the United States, France and the German Federal Republic. The *Economist* (London) noted on April 26, 1969, that Italy has made a very successful attempt to establish a "more even balance of trade with the great nation on the other side of the Atlantic." As a result of this global achievement, Italy's 1968 economic standing was pictured as "something which had never happened at any time since the end of the war." As a matter of fact, while Italian imports from the United States doubled in the decade 1958-1968, rising to \$1.1 billion, total exports from Italy to the United States quadrupled, rising to \$1 billion, with a 1968 increase of 24 per cent.

According to recent E.E.C. (European Economic Community) statistics, in the 15-year period from 1953 to 1968, total Italian exports within the area of the Common Market rose from 20.8 per cent to 40.4 per cent, while imports rose from 18.3 per cent to 33.2 per cent. The German Federal Republic absorbed the largest part of Italian exports (+23.9 per cent), followed by France (+21.7 per cent). The United States, together with the German Federal Republic and France, absorbed 40 per cent of Italian total exports, providing 39 per cent of the total Italian imports. Exports to the Nether-

lands rose to a substantial figure (+18.6 per cent), while Belgium and Luxemburg registered more moderate indices (+9.3 per cent). Strong trade relations were maintained with the United Kingdom, Switzerland, Russia, Yugoslavia, Spain, Argentina, Kuwait and Saudi Arabia.

The influx of foreign visitors to Italy showed signs of continuing, though strikes and political unrest kept many tourists away. Moreover, in spite of currency restrictions advocated or applied by some countries, tourism levels reached points of saturation. The tourist trade registered a turnover of more than \$1.5 billion. Considering that Italians traveling abroad spent less than a quarter of a billion dollars, there was an active trade balance in favor of Italy.

The lira has been one of the few currencies of the world to remain stable and to avoid heavy devaluation. In percentage, the Italian currency experienced the lowest rate of depreciation in 1968 (1.4 per cent) along with the German mark (1.6 per cent), and the Belgian franc (2.7 per cent). The Japanese yen (5.1 per cent), the British pound sterling (4.5 per cent), the French franc (4.4 per cent), and the United States dollar (4 per cent) experienced the highest rates of deterioration.

Italy is pursuing, through the Fund for the South (*Cassa per il Mezzogiorno*) and Institute for Industrial Reconstruction (I.R.I.) investments, a gigantic effort to solve the problem of the south. In general, both agencies pursue a policy for creating new employment. Italy's favorable economic condition can overcome domestic problems and concentrate on uniform industrialization to bridge the gap between the rich industrialized north and the poor and underdeveloped agricultural south. The activities of the fund, which in 18 years invested almost \$4 billion and was increased to an additional \$2 billion for the period 1965-1969, will continue to operate until December 31, 1980. I.R.I., which by the end of 1965 had made investments amounting to \$2 billion, has built the huge steel plant in Taranto and is in the process of completing the Alfa-Sud factory

on the outskirts of Naples which will employ 50,000 workers by 1971. If this policy continues at the 1965-1970 rate, it will put an end to the mass exodus from the south and will provide for 1.3 million new jobs by 1973.

RECENT POLITICAL CRISIS

Nineteen sixty-nine was a year of hardship for the young Italian republic. Many serious problems beset Italy's political and economic life. The country's largest trade unions, the Italian General Confederation of Labor (C.G.I.L.), the Italian Confederation of Workers' Union (C.I.S.L.) and the Italian Union of Labor (U.I.L.) announced a second round of internal strife and tension, which will inevitably cause further political bitterness and economic unrest.

In an interview in *Il Resto del Carlino* (Bologna), in January, 1970, Arnaldo Forlani, Secretary-General of the Christian Democratic party, the largest and most influential on the Italian political scene, pointed out that "even for a short period of time a conciliation between Christian Democrats and Communists was to be considered as unfeasible." According to Forlani, the only valid alternative was the continuation of the center-left coalition, based upon a major revision of the previous versions of that coalition. The center-left coalition, which reflected the expectations of the majority of the Italian people and mirrored the parliamentary structure, if inoperative, might go through the motions of new national elections. The solution was advocated by those political leaders who wish to exhume the Centrism formula. However, new elections might well weaken the numerical strength of the coalition parties and increase the power of the philo-Communists (P.S.I.U.P.) and the Communists (P.C.I.). This may have by itself warranted the immediate reconstitution, early in February, 1970, of the center-left coalition and prevented the Socialists (P.S.I.) led by Francesco De Martino from shifting leftward and being captured by the strategy of the Communist party.

The quest for a P.C.I.-P.S.I.-P.S.I.U.P. convergence on political and programmatic

issues would have sacrificed forever the substantive unity of Italian Socialism.

As Forlani pointed out in the previously mentioned interview, only an immediate resumption of negotiations and clear commitments on the part of all four responsible parties (D.C.-P.S.I.-P.S.U.-P.R.I.) could have secured a constructive and stable alternative to Italian Premier Mariano Rumor's monocolor and prevent further deviations. If this had not happened, the internal political situation of Italy would have become fluid, and would have encouraged Communist pressure toward the disruption and weakening of the democratic foundations of the state. By the same token, a show of insecurity, disunity and conflict among the four partners of the center-left coalition would have had an exhilarating effect on the philo-Communist and Communist forces in Italy. Thus, the final decision fell in large measure on those Socialist forces which gravitated toward a democratic solution and, therefore, accepted the restoration of the center-left coalition.

THE OUTLOOK FOR THE FUTURE

To insure the peaceful and democratic development of the country, De Martino's Socialists (P.S.I.) and Mario Tanassi's Socialists (P.S.U.) must reduce their disagreements. Internecine conflicts eroded the Socialist forces from 1944 to 1969. This produced a loss of popular votes which shifted heavily toward the left. It catapulted Italian Socialism into disorder and inefficiency and threatened Italian democracy. Now only their attitude and their ideologies can dispel the widespread opinion that Italian Socialism has been constantly based upon erratic, reversible political maneuvers rather than on stable and binding principles.

This malaise has been defined in Italy as *partogenesi*, by which Socialist policy is afflicted. It implies the party's tendency of giving continuous birth to something new and different as the most negative feature of Italian Socialism. It would be an unspeakable political failure if the Socialists endeavored to apply this kind of strategy to

any future center-left coalition. It is not only a question of political and programmatic activities that the government should conduct. It is rather a question of the degree to which the government would be able to cope with its national and international commitments without any kind of pressure.

IS THE GREAT COALITION POSSIBLE?

In the light of these political circumstances, it is important to analyze the alternative that Italy would face if the center-left coalition should collapse: either new elections, with all the consequences that risky adventure entails, or the so-called great coalition covering the entire political front stretching from the Christian Democrats to the Communists. This latter solution has been advocated by the left wing of the Christian Democratic party as well as by the right wing of the Communist party.

But in an eventual great coalition, what would be the role of the Christian Democratic party? Would it be considered only as the strongest minority group with 39.1 per cent of the popular votes and, therefore, with no advantageous bargaining position whatsoever? Moreover, would its relative strength be sufficient to prevent the eventual formation of a lay front among Radicals, Republicans, Socialists and Communists (P.C.I.-P.S.I.U.P.-P.S.I.-P.S.U.-P.R.I.) totaling 47.9 per cent of the votes? This hypothesis is possible, should such a partnership produce discord. This eventuality is not unlikely in Italy. On the issue of civil divorce, passed by the Chamber of Deputies by a vote of 325 to 283, on November 28, 1969, the Christian Democratic party found itself alone and isolated by its partners (P.S.I.-P.S.U.-P.R.I.).

As editorial articles by Fiorentino Sullo in the Christian Democratic weekly review, *La Discussione*, pointed out before and after the general election of May 19, 1969, "a great coalition with all anti-democratic and divergent factors inherent in a political heterogeneous association, could easily end in disorder and interneceine struggle."

At present, such a political condition does

not seem to exist. In addition, the Unitarian Socialists, led by Ferri and Tanassi, and the Maximalist Socialists, led by De Martino and Mancini, continue to reject any low-key Communist bid for common initiatives. Nonetheless, let us not underestimate the Italian parliamentary tradition. From the Cavour-Rattazzi's *connubio*, Depretis' *trasformismo*, from the Gentiloni's pact to fascism, from Centrism to the present center-left coalition, the history of Italy has recorded a long tradition of "paradoxical co-operations" among more or less incompatible forces. To prevent confusion, it is imperative to restore confidence in the center-left policy and to perpetuate it.

Reflecting the views of the Vatican, the *Civiltà Cattolica* points out that in case a four-party coalition should not become possible, the conditions for a center-left coalition still remain unimpaired. According to the review, different similarly acceptable solutions might be tried: a three-party (D.C.-P.S.I.-P.R.I.) or a two-party (D.C.-P.S.I.) coalition. Thus, even the Vatican seems to be endorsing a collaboration between Catholics and Maximalist Socialists, in order to prevent De Martino's Socialists from pushing hard for a great coalition including the Communists (*La Civiltà Cattolica*, January 3, 1970).

As the general situation stands, a great coalition does not seem imminent. To the advances offered by the Communists' right wing, the partners in the center-left coalition have argued that Italian communism is still too immature for a democratic dialogue with other political forces. Its immaturity is mainly attributed to its subservience to the Soviet Union. In fact, the top leaders of Italian communism know that it is impossible to disengage the party completely from Soviet tutelage. The party, for propaganda purposes, has espoused such political subterfuges as "polycentrism," "the national way to Socialism," and "diversity within unity." It is clear, however, that it remains under Soviet tutelage. Italian communism is entirely committed to philo-Soviet strategy which has been reflected in its relentless con-

demnation of NATO and other European organizations as United States expedients to "handcuff" European countries. According to Italian communism, all these organizations should be condemned by European peoples as instruments to subvert national independence and self-determination on behalf of American imperialism.

Communist conjecture is that United States aims in Europe are to use all Europeans as mercenary forces for imperialistic aggression against the democratic countries of the East. Recently, at the Twelfth Congress of the Communist party (Bologna, February 8, 1969) Luigi Longo, Secretary-General of the party, reiterated his attacks against Italy's European and international commitments. He stressed that the only valid and feasible solution to all Italian problems was to seek a policy of neutrality.

A neutral status is inconceivable for Italy. When Joseph Stalin suggested a bilateral treaty of non-aggression with Italy, he asserted that a neutrality status would be impossible for Italy. And NATO's supreme commander, General Dwight Eisenhower, affirmed that "Italy, projecting into the Mediterranean, offered a strong lateral position with its ports and airfields of great strategic value." Italy's confidence in NATO and all other European organizations is the result of realistic trust in the future of Europe as a third force whose task is to mediate between West and East.

EAST-WEST RELATIONS AND ITALY

In line with the democratic experience of the past 20 years, Italian national and international political concerns have moved toward the defense of republican institutions, the prevention of external aggression and the guarantee for international peace and co-existence. This process, though gradual and somehow disarticulated, has never stopped. Italian efforts, as U Thant, Secretary-General of the United Nations, pointed out on May 17, 1968, have contributed to the realization of the ultimate goal of the organization: world peace.

Even Italian Socialism (P.S.I.), which had

committed itself to a rigid line of political neutralism from 1945 to 1962, supported Italian foreign policy on European and world matters, in line with the principle that "Europe has not the function to record history but to make history" (Nenni's speech at a Socialist conference in Stockholm, May 6, 1969). Italian political leaders have reached the conclusion that European commitments will allow Italy to participate more effectively in the process of mediation between East and West and in the effort to establish a universal lasting peace. Italy's task is to render military blocs unnecessary and convince other countries in the world that the sole and permanent meeting place for all people of the world is the United Nations, where all international matters must be settled peacefully.

Since 1945, Italy has conceived international solidarity as an organic policy of inter-state relations, a method of articulated and positive associations, and as a new philosophy of political culture. In line with these basic postulates, international and national cultural dissent has prompted an immediate analysis of the entire political system. This process has accelerated the transformation of the structures of the state and, in the meantime, created a transnational consciousness. Under fascism, when international confrontations arose, they were to be solved by warfare. Now, Italy holds that the ideal procedure lies in conciliation, mediation and arbitration. Contemporary world controversies not only reflect ideological conflict, they also present more complex articulations which Italian political experts define as geopolitical.

In fact, Italians assume that Europe, though not involved in the Vietnamese conflict, cannot continue to consider itself isolated from the unstable and precarious Moscow-Peking-Washington equilibrium. Needless to say, if adequate solutions cannot be found in Washington, Moscow or Peking, the presence of Europe in a mediating role becomes imperative.

Concerning particularly East-West relations, the post-Khrushchev period has been characterized by Soviet efforts to promote

European cooperation and security. After the Budapest appeal on March 17, 1969, Italian political experts considered it extremely important that Italy should pursue, with the East European countries, a policy of reciprocal security, collaboration and progressive disarmament. Addressing the Foreign Committee of the Senate, the former Foreign Minister, Pietro Nenni, pointed out on June 12, 1969:

Italy considers it important to work toward a conference with East European countries on the issue of European security. This initiative must follow the historical trend of European goals and must be pursued independently of the appeal of Budapest.

As in the past, the main issue between East and West has been disarmament, but Italy has conceived the problem as an overall reconsideration of the relations between East and West. As a matter of fact, from 1965 on, Italy has tried to improve economic, diplomatic and political relations with Poland, Yugoslavia, Rumania, Bulgaria, Hungary, Czechoslovakia and the U.S.S.R.

In the meantime, economic agreements between Italy and the East European countries have improved, reaching an average of almost 30 per cent more than in 1967. Italian loans to East European countries have reached a total amount of \$1.5 billion. With the U.S.S.R., Italy has signed or extended important commercial agreements (Fiat, ENI, Montedison, Innocenti). The U.S.S.R. leads with 512 billion lire (almost \$1 billion), followed by Yugoslavia with 287 billion lire (almost a half billion dollars), Poland (70 billion lire), Rumania (60 billion lire), Bulgaria (43 billion lire), Czechoslovakia (18 billion lire), Hungary (16 billion lire), and East Germany (8 billion lire). As *Izvestia* reported on February 6, 1969,

Italo-Russian economic relations and agreements represent the most important event of the century, for both countries. Though with different ideologies, they work to improve economic relations. . . .

At the Congress of the Socialist Interna-

¹ Western European Union.

tional held in Eastbourne on June 16, 1969, Nenni, as Foreign Minister of Italy and Vice-President of the International, affirmed that Europe needed to become a "united Europe." "There is," Nenni pointed out, "the Europe of the 'six' (E.E.C.), the Europe of the 'seven' (W.E.U.),¹ the Europe of the 'eighteen' (the Council of Europe), the Europe of the Free Trade Association (E.F.T.A.), there are, in other words, many Europes, without the truly united Europe." According to Italian political experts, the concept of Europeanism must not signify, as had happened from 1954 to 1969, a flat answer to economic autarchy. The process of unification must move toward a truly equalitarian community.

This realistic vision of European unification has prompted Italian political experts to endorse the admission of Great Britain as a partner in the European Economic Community. It is a widespread opinion in Italian political circles that the urgent problem of European unity must be achieved through methods which stimulate the best energies of all European countries, without any political, economic and geographic delimitations. This process of European solidarity will lay down the conditions which will satisfy the expectations and hopes of future generations. Italy supports the admission of Great Britain to the E.E.C. in line with the principle that England already collaborates in NATO, in the Council of Europe, in the O.E.C.D. and W.E.U.

As it was outlined in the joint communiqué between the two Ministers of Foreign Affairs, Nenni and Britain's Michael Stewart, issued on April 29, 1969, at the end of the state visit of Giuseppe Saragat to the United Kingdom, European economic and political in-

(Continued on page 307)

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In this article, the author points out that "In their foreign relations, change seems to be the order of the day in both Portugal and Spain."

Spain and Portugal: Continuity and Change

By ARTHUR P. WHITAKER
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COMPARED WITH Portugal, allied Spain is a big, booming country. It occupies about four-fifths of the Iberian Peninsula, and Portugal occupies the remainder, minus little Gibraltar in the south and Andorra in the north. Spain's population of some 32 million is nearly four times as large as Portugal's. Since the 1950's, the Spanish economy has grown rapidly, whereas Portugal remains stagnant and is the poorest country in West Europe.

On the other hand, Portugal's overseas possessions—mainly in Africa and the Azores, but also in Asia—far exceed those of Spain, whose once globe-girdling empire has been reduced to a few fragments of northwest Africa and the Canary Islands. In fact, Portugal is the world's only remaining old-style colonial power of any consequence.

Yet despite these differences, Spain and Portugal present striking similarities in their international roles and domestic political structures. Recent developments also suggest that important changes are on the way in the foreign relations of both countries, but not on the home front in either country. This complicates their foreign problems.

In their foreign relations, the closest economic and military ties of both countries are with West Europe and the United States. Portugal is a member of NATO and lets the United States use an air base in the Azores. Spain, although not a member of NATO, has been linked to it since 1953 in the defense of the West by her air and naval bases agreement with the United States. Like-

wise, Portugal is a member of the European Free Trade Association, or "Outer Seven," and Spain, though not a member either of that group or of the "Inner Six" of the European Economic Community, nevertheless trades principally with West Europe. In addition, West Europe is the chief source of Spain's valuable tourist trade and of the substantial remittances sent to Spain in a steady stream by Spaniards working abroad.

In their domestic political structures, Spain and Portugal are alike; they are governed by dictatorships that were established before World War II by overturning constitutional republican governments. For personal continuity as well as stability, this record is unmatched in contemporary Europe, East or West. In Portugal, Antonio Oliveira Salazar ruled from 1929 until his physical breakdown 40 years later; in Spain, Generalissimo Francisco Franco y Bahamonde still heads the regime that he founded after the civil war of 1936–1939.

PLUS CA CHANGE

In 1969, winds of change stirred in both countries, but so far on the home front they have been feeble and uncertain.

Salazar's successor, Marcelo Caetano—like Salazar, a university professor—seemed at first to promise the restoration of political freedom and honest elections. He even permitted the exiled opposition leader Mario Soares, lawyer and democratic socialist, to return to Lisbon and resume his professional and political activities. But Soares soon

found that the opposition was in fact hamstrung by the familiar repressive devices. Behind a new facade, it seems, the status quo in Portugal is substantially intact.

In Spain, the year was more eventful but the outcome much the same. After declaring Spain a kingdom and then leaving it for many years without a king or even an heir apparent, Franco at last gave it the latter in July, 1969. His choice was not the rightful heir by succession, Don Juan de Borbón, son of the last previous king of Spain, Alfonso XIII, but Don Juan's less liberal and more pliant son, Juan Carlos, who had been educated in Spain under Franco's supervision. Juan Carlos was sworn to maintain all the fundamental laws and principles of the Franco regime when crowned king; however, his coronation was indefinitely postponed; and Franco continues to rule Spain as usual.

In October, on the heels of a major scandal involving a well-connected Spanish export firm, MATESA, and some high government officials, Franco gave his Cabinet the sharpest shake-up in at least a dozen years. But even so, the reorganization was by no means total. Its chief effect was to enhance the already strong influence of a group of technocrats more or less closely associated with the Catholic lay order, "Opus Dei." This group, devoted to economic liberalization but not to political liberalization, is well suited to cooperate with the more advanced segment of the military-industrial-banking complex that has emerged as the most powerful force in Franco's Spain, and is its most typical product.

PORUGAL'S FOREIGN PROBLEMS

In their foreign relations, change seems to be the order of the day in both Portugal and Spain. This may seem surprising, for in the world at large, domestic and foreign affairs are so closely interrelated that the immobilism evident on the home front in these two countries might be expected to characterize their foreign relations as well. Actually, immobilism has had the opposite effect in both countries, partly because it has

made them dissatisfied with their international role in a changing world, and partly because it has heightened the distaste for their regimes and policies that has long been felt in other countries.

Portugal provides a striking illustration of this fact. Through her colonies of Angola and Mozambique, she has become involved in a war in southern Africa which, according to an article in *Foreign Affairs* (October, 1969), "is already engaging about 26,000 black guerrillas and approximately a quarter-million white or white-officered troops" and which threatens to escalate into a bigger conflict "in cemetery terms" than Vietnam. Of these quarter-million troops, some 200,000 are provided by Portuguese Angola and Mozambique, whose liberation is a main guerrilla aim. Other guerrilla targets are the white minority governments of Rhodesia and South Africa; Portugal is said to be allied with these nations by a defense pact of 1965—an alliance called by its critics the "Unholy Trinity."

So far, it appears, the black guerrillas' outside support has come almost entirely from the Communist bloc, but aversion for the white minority regimes of the "Unholy Trinity" is strong in the West. In the United States, it has been nourished by the identification of black Americans with the African liberation cause. If only because of the bitter experience of Vietnam, military intervention by the United States has been out of the question. There has been some support for lesser sanctions against the white minority governments, such as the prohibition of further investments, severance of diplomatic ties and moral condemnation. So far, President Richard Nixon's administration has gone no further than moral encouragement of the liberation cause. In February, 1970, this was voiced by President Nixon in his voluminous global policy statement, and by Secretary of State William Rogers in the course of his African tour. But Secretary Rogers steered clear of all the countries involved in the conflict except Zambia, and avoided the war issue completely.

The United States' freedom of action with

regard to Portugal is limited by the fact that Portugal is a fellow member of NATO and provides the United States with a sea and air base at Santa Maria in the Azores. The *Foreign Affairs* article mentioned above brushes these limitations aside. It argues that even if the base were not "redundant," as "some experts" think it is, "Portugal could not remove the United States against its will": it is charged that Portugal herself has already breached the NATO treaty by using a large part of the \$400 million in United States aid that she has received since 1959 under that treaty south of the Tropic of Cancer. However, according to a news dispatch in *The New York Times* for February 22, 1970, a State Department spokesman has said that the United States found no evidence that Portugal has violated the rule (laid down in 1961) prohibiting the use in her African territories of weapons supplied by the United States.

It has been suggested that Portugal be expelled from NATO. But for 20 years the Portuguese regime, both at home and in Africa, has presented all the objectionable features that it does now, and others besides. Yet all that time the United States and other NATO members gave no sign of objecting to Portugal's membership. And at the present time Lisbon is at least making a gesture of improvement at home. As the *Foreign Affairs* article notes, it "may well compromise" in southern Africa, and "never takes the offensive" in the war that is unfolding.

That Portugal might voluntarily withdraw from NATO seemed a possibility in Salazar's later years. He made no secret of his disenchantment with that organization because of its members' failure to give Portugal the support to which he thought she was entitled in controversies over her possessions in Asia (particularly Goa) as well as in Africa. Also, he was unhappy over NATO's continued exclusion of his ally, Spain, whose candidacy he had been urging for many years. Finally, President Charles de Gaulle had severed France's military ties with NATO, and many in the mid-1960's agreed that NATO had outlived its usefulness.

However, Salazar never took Portugal out of NATO, and his successor seems unlikely to do so. The shock of Soviet intervention in Czechoslovakia in 1968 revived NATO, and as matters now stand in southern Africa, Portugal has much more to gain than to lose by remaining a member. Indeed, it is difficult to see that she would gain anything by withdrawal, beyond expressing her resentment over nonsupport by the other members. On the other hand, her continued membership will at least impose some restraint on any tendency among NATO members to take positive action against the Portuguese regime in southern Africa. Portugal is very much in need of any relief she can get, for the explosive situation in Africa is creating problems that may be too big for her to handle.

SPAIN: FOREIGN POLICY CHANGES

Closer relations with Portugal was one of the two principal foreign policy objectives of the new Spanish Cabinet, according to the Paris newspaper *Le Monde*'s report of a speech by Foreign Minister Gregorio López Bravo to the Spanish *Cortes* on December 18, 1969. How these relations were to be made closer he did not specify. The other principal objective, he said, was "the complete incorporation of Spain in Europe."

In the latter case, specifications were forthcoming. In a broad statement on foreign policy published in the Madrid newspaper *ABC* the same day, López Bravo said Spain hoped to tighten her bonds with Europe in two ways: by negotiating a preferential commercial agreement (presumably with the Common Market), and by reducing tensions with Great Britain over Gibraltar. The latter point marked an important policy change, for his predecessor, Fernando María Castiella, had pressed Spain's ancient claim to Gibraltar with a relentless vigor that threatened to build tension to the breaking point.

The other two main points in the Foreign Minister's statement to *ABC* were that Spain would not recognize Israel until the Arab states did so, and that he hoped to replace the existing sea and air bases pact with the

United States (which he rightly described as essentially military) by a broader agreement. The first point merely continued established policy in the sense that the Franco government has never recognized Israel and has long cast Spain in the role of a bridge or intermediary between Islam and the Christian West. On this occasion, however, the rebuff to Israel was sharpened by the simultaneous decision of the Cabinet to sign an agreement with the Arab League authorizing it to open an office in Madrid.

U.S. BASES IN SPAIN

Whether López Bravo's brief statement presages a change in policy towards the United States is still uncertain. But circumstances suggest that the primacy that the United States has held in Spanish foreign policy since the conclusion of the bases pact in 1953 may now be shifted to West Europe, particularly to France.

Briefly, these circumstances are as follows. Under the pact of 1953, which was an executive agreement, not a treaty, the United States built and operated, under the Spanish flag, air bases at or near Madrid, Zaragoza and Sevilla, and a naval base at Rota, on the Atlantic coast a short distance west of Gibraltar.

However, by the 1960's, the development of intercontinental ballistic missiles had greatly reduced the value of the air bases for their original purpose, which was the nuclear bombing of the Soviet Union by the United States Strategic Air Command in case of a major war. Yet the air bases could still be useful for other purposes of Western defense, and the decline of their military value was offset by a great increase in the value of the Rota naval base as a result of the United States Navy's development of nuclear-powered submarines firing Polaris missiles.

From Spain's point of view, too, the bases yielded important benefits. Chief among these were modern weapons and training for Spain's politically powerful armed forces, economic aid for her limping economy, and diplomatic aid in restoring the formerly

ostracized Franco regime to international respectability in the West.

Accordingly, in 1963, the bases pact was renewed for another five years without major alteration. But by the time the question of renewal came up again in 1967, circumstances had changed substantially in the Spaniards' favor and they raised their terms in proportion. Commerce was flourishing, industry was booming, the tourist trade was growing fantastically, and the Spanish standard of living was rising steadily if less dramatically. There had been no serious threat to the regime since the 1950's, and Spain had gained complete acceptance in almost all the international institutions and gatherings in which she was interested, the chief exception being NATO.

The United States, on the other hand, was in a weaker bargaining position. Beginning in mid-1967, the Soviet navy had established itself in the Mediterranean, thus breaking the monopoly the United States Sixth Fleet had held there ever since World War II and presumably making the Rota base more important to the United States.

So Spain had a strong hand in the negotiations for renewal of the bases agreement, but Foreign Minister Castiella overplayed it. His asking price for renewal included a great increase in military and economic aid, at a time when Congress was cutting down on foreign aid and the United States was having serious balance of payments difficulties for the first time in many years. He also demanded a commitment by the United States to defend the Spanish regime against internal as well as external attack. And, as befitting Spanish dignity, he asked for the incorporation of the terms in a treaty rather than, as hitherto, in an executive agreement, at a time when the chances of getting a two-thirds Senate vote for approval of such a treaty had never been slimmer.

Neither side would compromise sufficiently, and the negotiation was still deadlocked when López Bravo replaced Castiella as Minister of Foreign Affairs in October, 1969. The new minister has been dealt another high card by the United States' forced evacuation of its

big Wheelus Air Base in Libya, for that would make the air bases in Spain valuable to the United States once more—unless, of course, the United States should decide to reduce its role in the western as well as the eastern Mediterranean. But the signs are that López Bravo will not try to use this card to force the kind of terms Castilla demanded. Instead, if we may believe *Le Monde* (which is usually well informed about Spanish affairs), Spain's main objective now will be economic—to obtain a commitment from the United States to buy more Spanish exports.

BALANCE OF PAYMENTS PROBLEMS

This seems a plausible forecast. The recent aggravation of Spain's perennial balance of payments difficulties (which are much more serious than those of the United States) has posed a threat to the whole economy and has made an increase in Spain's export trade imperative. The old British motto, "export or die," could well be adopted by present-day Spain. In 1969, Spain's trade balance showed a staggering deficit of \$2,400 million (U.S.\$). Previously, such deficits had been largely offset by revenues from the tourist trade and remittances to Spain by Spaniards living abroad, but while the deficit continued to grow, these totals had ceased to increase after 1967 and in 1969 were stabilized at about \$1,200 million and \$400 million, respectively. As a result, at the end of 1969 there still remained a gap of \$1,000 million. It could not be filled from Spain's reserve of gold and foreign exchange, for this had shrunk to \$925 million, the lowest since 1961.

What was to be done? Borrowing would give only temporary relief, and interest rates were soaring in the United States and, although not quite so high, in Europe too. Cutting back imports would check the economic growth which had been the regime's pride and joy for the past decade. That left an expansion of Spain's export trade as the best if not the only remedy. In all probability, this problem was high on López Bravo's agenda during his whirlwind tour of America, Asia and Europe in early 1970.

But how could a large expansion of Spain's export trade be brought about? The new Cabinet is looking in various directions for an answer. First of all, trade concessions might be obtained from the United States by using the bases negotiation for leverage. Or such concessions might be negotiated with several countries in Latin America (a quirk in a trade negotiation with Argentina is said to have led to the exposure of the MATESA scandal), and with several Communist countries (among the latter states, Spain's principal trading partner in 1969 was Cuba, followed by Poland, Czechoslovakia, the Soviet Union, Rumania, Yugoslavia, Hungary and Bulgaria).

But far more important to Spain than any of these is West Europe. Collectively, the countries of this area are Spain's best customer by a wide margin, so that on a percentage basis an expansion of her exports to West Europe would yield the best results obtainable anywhere. Hence López Bravo's abandonment of his predecessor's British-baiting policy on the Gibraltar question. Hence also his inclusion of Bonn in his recent whirlwind tour. And hence his stress, above all, on his government's desire for a preferential tariff agreement with Europe.

COMMON MARKET

By Europe, in this context, we must understand the European Common Market. Spain does not desire full membership at present, for in 1970 the Spanish economy could not stand the competition to which membership would expose her. But Spain does very much want associate membership on terms that would provide an expanding and relatively assured outlet for several of her products.

Among the Common Market countries,
(Continued on page 306)

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"For West Germany, as dramatic as the prospects for a European security conference were in the early 1970's, the breakthrough in achieving her policy objectives probably will lie in the area of her relations to the Warsaw Pact countries."

West German Foreign Policy in Ferment

BY GERARD BRAUNTHAL
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THE DECADE OF THE 1970's may see a transformation of the Atlantic Community and a dramatic thaw in the cold war between East and West. The Federal Republic of Germany is likely to become one of the pivotal states responsible for such changes, hopefully leading to a rapprochement and an easing of tensions between the warring political blocs.

The West German voters in the federal election of September 28, 1969, thrust a new government into a position of power in the international arena. After two decades, a generally inflexible foreign policy toward the East, molded primarily by chancellors of the Christian Democratic Union-Christian Social Union (C.D.U./C.S.U.), came to an end. Konrad Adenauer had put West Germany firmly into the Western bloc, and had launched the policy of negotiating with the Soviet Union from a position of strength. The first major revision in this policy came with the formation of the Grand Coalition cabinet in December, 1966, when the C.D.U./C.S.U. allied with its erstwhile opponent, the Social Democratic party (S.P.D.). Under the chancellorship of Kurt Georg Kiesinger (C.D.U.), Willy Brandt, S.P.D. chief, became foreign minister. From 1966 to 1969, modest attempts were made to decrease tensions in Europe by increasing con-

tacts with East German, other East European and Soviet authorities.¹

As a result of the 1969 election, a new governing mini-coalition of S.P.D. and the more conservatively-oriented Free Democratic party (F.D.P.) emerged. For the first time in the postwar period the C.D.U./C.S.U. occupied the opposition benches in the *Bundestag* (lower house of Parliament). Brandt became Chancellor and appointed Walter Scheel (F.D.P.) as foreign minister. Although the two governing parties differed on elements of domestic policy, they were in accord on basic principles in the realm of foreign policy. These principles consisted of a maintenance of ties with the West and closer ties with the East.

Whether the latter principle will be realized depends not only on domestic support but also on responses from the Western and Communist blocs. Until now, the C.D.U. has offered only mild resistance to some of the more dramatic government proposals toward the East, while the numerically smaller C.S.U., the conservative Bavarian branch of the C.D.U., has been more negative. Since public opinion seems to be in favor of a détente with the East, the Brandt government is not likely to encounter any major difficulties on the domestic front for its proposals.

Western states will support a potential West German rapprochement with the Soviet bloc. It would fit into the spirit of United States-Soviet attempts to produce détente,

¹ For full details of West German foreign and defense policy, see the "Report on West Germany" issue of *Current History*, May, 1968.

as exemplified in the preliminary Strategic Arms Limitations Talks (SALT) recently begun in Helsinki, and in the accord on the nonproliferation treaty (N.P.T.) designed to curb the spread of nuclear arms. So far, Communist responses to West German overtures also have been positive. Thus, even though the new East policy may not be expected to reap quick dividends, it may ultimately be successful.

To symbolize its earnestness in moving foreign policy off dead center, the Brandt government, in a style reminiscent of President John Kennedy's initial 100 days in office, dramatically took two steps soon after its formation to implement some of its basic objectives.

The first immediate major step was designed to bring a sense of balance into the international monetary community and to reduce tensions with West Germany's trading partners. On October 25, 1969, the Cabinet approved the revaluation of the mark upward by slightly more than 9 per cent. This move was welcomed by other nations because their products exported to West Germany would be priced more competitively with West German domestic products, while West German exports to them would become more expensive. In theory, the fluctuation in price should lead to a better balanced West German trade in which the level of exports no longer would greatly exceed the level of imports, thus producing a more modest trade and currency surplus. But, in practice, exports have not suffered appreciably so far, except for some losses in shipbuilding orders to the British.

The second step taken by the Brandt government was in the realm of military policy. On November 28, 1969, in a move calculated to please the Soviet Union and the United States, the West German ambassador in Moscow affixed his country's signature to the nonproliferation treaty. While Brandt and Scheel chose not to delay West Germany's adherence to the treaty further, the two leaders made it clear that some outstanding questions will

have to be resolved before Parliament would be ready to ratify it. One of these questions concerns the insistence of the major powers that the United Nations International Atomic Energy Agency be responsible for ensuring the compliance of the signatory nations with the provisions of the N.P.T. West Germany and other members of the European Atomic Energy Community (EURATOM, one of the specialized counterparts of the European Economic Community), claim that it already has an adequate inspection system.

RELATIONS WITH BRITAIN AND THE COMMON MARKET

In the wake of the two dramatic moves, a revaluation of the mark and a signature to the N.P.T., the Brandt government sought to cement its ties to the West and to forge a new West European union. It did not have to wait long. On December 1 and 2, 1969, a summit conference of the members of the European Economic Community was held at The Hague. Brandt took the lead in urging the other chief executives to act swiftly on an expansion of the E.E.C. membership: "The German Parliament and public expect me not to return from this conference without concrete arrangements regarding the Community's enlargement." He argued that putting off the question of membership in the E.E.C. for Great Britain and other non-members would threaten to paralyze the organization, would retard moves toward European unity, and would put the E.E.C. at an economic and technological disadvantage vis-à-vis the major powers. He urged a step-by-step increase in political cooperation within the E.E.C., support for a policy leading to full economic and monetary union (including a European reserve fund to which each member would allot part of its reserves), a strengthening of EURATOM, a reform of the agricultural policy to eliminate farm surpluses, the establishment of a European youth organization on the model of the Franco-German Youth Organization, and an expansion of development aid.²

The Hague conference signaled an important change in the center of gravity within the

² *News from Germany* (Bonn), December, 1969.

E.E.C. to West Germany from France. Brandt's speech reflected a mood of independence from France. He had seized the initiative from French President Georges Pompidou, whose power within the E.E.C. was no match for that of his predecessor, Charles de Gaulle. Brandt's persistent efforts to make France discuss the issue of Britain's entry into the E.E.C. had paid off. At The Hague, Pompidou agreed without alacrity that talks on the issue ought to begin in 1970, and unofficially concurred in setting July 1 as the latest starting date. But despite this apparent lack of enthusiasm, experts were certain that Pompidou would not be unhappy at Britain's entry, because her power would act as a check on that of West Germany.

RELATIONS WITH FRANCE AND THE UNITED STATES

Brandt made an attempt to shore up Franco-German ties, which had not been too amicable during periods of the Gaullist era. In a speech to the *Bundestag*, the Chancellor hailed Pompidou's stand at The Hague. In addition, at a meeting between the two leaders in early 1970, Brandt emphasized that renewal of the Franco-German alliance must not be of an exclusive nature and must extend to the other E.E.C. members. Pompidou expressed support for West German initiative toward the East, despite latent French popular fears of another Rapallo-type accord between Germany and the Soviet Union.³ Whether such diplomatic expressions of friendship will generate closer ties between France and the Federal Republic remains to be seen.

In a similar vein, in January, 1970, at a German-American conference in Bonn, Brandt put emphasis on West German ties with the United States. He characterized close relations in the political, economic and military spheres as the foundation stone for West German foreign policy. While he spoke of German-American friendship as "irreplaceable," his foreign minister emphasized the necessity to resolve outstanding trade and

³ In 1922, the two countries resumed diplomatic and economic relations.

tariff disputes between the United States and the E.E.C. Brandt's visit to the United States in April, 1970, gave him a further opportunity to discuss with President Richard Nixon questions of concern to them and to other members of the Atlantic Community.

NATO AND A EUROPEAN SECURITY CONFERENCE

One of the principal areas of concern to the United States and to West Germany is the future of the North Atlantic Treaty Organization. West Germany has been one of the staunchest members, and has provided the bulk of NATO's ground forces in West Europe. But if the United States were to reduce its forces in the area after 1971, then the European NATO partners might have to increase their commitments and pay a greater share of the defense costs. West Germany might be requested to make direct financial contributions to the support of United States forces stationed in the Federal Republic, and to increase the size of her own military force.

While NATO will have to cope with such an internal problem, it also has to face the realities of an international situation in which the Soviet Union no longer is viewed as a serious military threat to the West. The original goal of deterrence will have to be adjusted to new calls for a relaxation of tensions in Europe.

Thus, in late 1969, the NATO members had to take a stand on a proposal for a European security conference put forth by the seven members of the Warsaw Pact, the Soviet and East European counterpart of NATO. Since the question of the relationship of the two Germanies would be a key item on the agenda, and since such a conference might presage a rapprochement of East and West Europe, the Brandt government took a keen interest in the proposal.

Individual Western and a number of Communist leaders have been periodically issuing calls for a European security conference. In 1966 and again in March, 1969, the Warsaw Pact states proposed that the German question be the main focus of discussion. In

October, 1969, at a conference in Prague, the foreign ministers of the Warsaw Pact states renewed their appeal for a European security conference, this time for a meeting in Helsinki in early 1970. Led by the Soviet Union, the ministers listed specific topics which could be the basis for discussion at such a conference. The first was the renunciation of the use or threat of force in the relations of European states, and the second was an expansion of economic, commercial and technical links in order to further political cooperation among all European countries.

While an accord might be reached on non-political links, the proposal for a renunciation of force could be the fuse for political dynamite. To the West, the difficulty of the proposal was its deliberate vagueness. At the Prague conference, the East European states reportedly linked the proposal with a partial troop disarmament, but the Soviet Union opposed the idea as being too risky, and opted instead for the vaguer concept of "genuine" disarmament. In an important tactical shift, the Prague conference participants no longer issued a call for the disbanding of the NATO and Warsaw military blocs. Rather, in their final communiqué, they followed the Soviet lead in requesting a guarantee of existing European borders.⁴ Thus they attempted to ensure the status quo in central Europe, partly because the Soviet Union, nervous about its border clashes with Communist China, wanted a situation of "all quiet on the western front."

At a meeting of foreign and defense ministers of the NATO states in Brussels on December 4 and 5, 1969, West Germany and other European members were willing to test Soviet intentions by attending a European security conference, in the hope that it might contribute to a détente and an ultimate resolution of the outstanding problems left after World War II. However, compar-

able to the conservative Soviet attitude at Prague, the United States took a more cautious position, in view of the vagueness of the Prague proposal.⁵

In January, 1970, a spokesman for the Soviet foreign ministry once again proposed an early conference,⁶ but he failed to respond to the NATO call for detailed agenda proposals. Experts speculated that the Soviets were not willing to talk about mutual troop reductions as long as they saw favorable prospects for unilateral reductions by NATO members, and as long as they needed their troops in East Europe. However, the United States, Great Britain, France and the U.S.S.R. plan to meet in the spring of 1970 to discuss West Berlin.

RELATIONS WITH THE EAST

For West Germany, as dramatic as the prospects for a European security conference were in the early 1970's, the breakthrough in achieving her policy objectives probably will lie in the area of her relations to the Warsaw Pact states. Brandt's offer to improve trade and political ties caused a stir among their leaders. They assembled in Moscow on December 3 and 4, 1969 (dates coinciding with the NATO meeting in Brussels), and achieved some consensus on their general response.

But the consensus masked a sharp debate, in which Walter Ulbricht, chief of state and Communist party boss of the German Democratic Republic (East Germany), reportedly urged the other leaders to insist that Bonn grant full diplomatic recognition to the G.D.R. before they would enter into closer relations with West Germany. Clearly, he feared a rapprochement in which he might lose valuable trade orders to them, and in which he might be forced to make concessions to West Germany. However, Ulbricht's views did not prevail, since most other Warsaw Pact states were eager to increase their imports of goods and to receive industrial credits from West Germany.

Reluctantly, Ulbricht yielded and signed the cautiously-worded communiqué. It urges all states to grant diplomatic recognition to the G.D.R., and reiterates warnings issued in

⁴ For excerpts from the text of this communiqué, see pp. 305ff. of this issue.

⁵ For excerpts from the Declaration issued after this meeting, see pp. 305ff. of this issue.

⁶ Helsinki issued notes to 30 European countries asking if they would be interested in attending, and so far only Albania has definitely declined. A conference before 1971 seems improbable.

previous years about West German "revenge-seeking" and "neo-Nazism." But it also hails the formation of the Brandt government as positive evidence of a healthy tendency in West Germany and praises its prompt signing of the nonproliferation treaty. It implicitly gives the East European states the authorization to enter into bilateral trade and diplomatic negotiations with Bonn, but is silent on any long-range joint policy toward West Germany.

The Bonn reaction to the Moscow communiqué was positive. The communiqué represented "the most conciliatory stance towards the Federal Republic in recent years," and "the best that one could expect at this time." The way was open for a series of immediate bilateral negotiations with Moscow, Warsaw and East Berlin.

NEGOTIATIONS WITH THE SOVIET UNION

Although West Germany and the Soviet Union have had diplomatic relations since 1955, the ties have been strained on many occasions. To resolve some of the tensions, the two governments agreed to discuss a mutual renunciation of the use of force. On December 8, 1969, a series of preliminary talks started in Moscow between Soviet Foreign Minister Andrei Gromyko and the West German Ambassador. The seriousness of the talks was underlined in January, 1970, when Bonn appointed State Secretary Egon Bahr as special envoy to continue the negotiations in Moscow. Bahr, a close associate of Brandt, has been a key official in shaping West German foreign policy and is known to be a skilled negotiator. Once the preliminary negotiations are concluded successfully, a formal conference to conclude a non-aggression treaty would logically follow. But one state secretary warned that the talks might become protracted; they "will be our Panmunjom."

The Soviet interest in such bilateral negotiations stems from historic Soviet fear of a militarily powerful Germany, and the Soviet desire to have West Germany accept the status quo in Central Europe, including a divided Germany and the renunciation of

Germany's eastern territories. The Soviet Union would gain from a declaration by West Germany to honor the "inviolability of borders" and "territorial integrity" of her neighboring states.

West Germany's interest in the negotiations stems from her desire to have the Soviet Union declare Articles 53 and 107 of the United Nations Charter, dealing with "enemy states," as obsolete. During the Czechoslovakian crisis of 1968, the Soviet Union claimed that these articles might entitle it to intervene in West German affairs. In addition, the West Germans reasoned that success in the negotiations might facilitate accords with other Communist states.

Parallel with the political negotiations, trade talks continued. These were recently capped with a 20-year agreement by which the West Germans will buy natural gas from Siberia in exchange for Soviet purchase of large-diameter steel pipes from giant Ruhr firms, financed by a generous credit from a West German bank consortium.

NEGOTIATIONS WITH EAST EUROPE

The "new look" in West German foreign policy also includes an attempt to ease tensions with the East European countries. The Brandt government has made a special effort to erase the traditional Polish distrust of Germany. Although a German trade mission was established in Warsaw in 1963, no further ties developed. A turning point may have been reached in November, 1969, when a Polish editor interviewed Brandt in Bonn, and printed approvingly the Chancellor's statement that "he knows and respects Poland's desire to live within secure frontiers."

In February, 1970, the first postwar political contacts were established when the West German foreign ministry's state secretary journeyed to Warsaw to begin exploratory talks with top Polish officials on a renunciation-of-force accord, similar to that discussed in Moscow. However, the talks may become prolonged, since Poland may make the German recognition of the Oder-Neisse frontier line as Poland's western frontier a condition for any political or economic settlement.

Until now, the West German government has always insisted that only a peace treaty can recognize a final border settlement, but Brandt may recognize it de facto.

Improved relations with other East European countries, such as Czechoslovakia, Hungary, Bulgaria and Rumania, are in the cards. All these states are interested in long-term credits to purchase West German plants and machinery. Out of the economic interest full diplomatic relations may emerge.

Whether the Brandt government can produce a new relationship to the G.D.R. will be a key test of its efforts at a rapprochement with Communist states. Until 1970, all such attempts failed, given the failure of Ulbricht, one of the most powerful Communist leaders in East Europe, to respond to the efforts made by the C.D.U. chancellors.

In a government statement of policy to the *Bundestag* on October 28, 1969, Brandt acknowledged that a final settlement of the German question can only be made at a European peace conference. In the meantime, any further alienation of the two parts of the one German nation must be prevented at all costs.

Thus, Brandt also changed the name of the former Ministry for All-German Questions to the Ministry for Inner-German Relations. Implicitly, the new name signifies an abandonment of the thesis that the Federal Republic represents all of Germany.

On January 14, 1970, in a State of the Nation message to the *Bundestag*, Brandt clarified the position of the government. He admitted that "there can be no thought of an early fundamental change in that situation of our country's division." He stated bluntly that a reunification of Germany might not be possible for generations; thus, the only alternative was to develop "regular neighborly relations between the two states in Germany." Brandt viewed cooperation rather than confrontation between them as a development parallel to the relationship developing between East and West.⁷

More specifically, the Brandt government

readied proposals which would affirm that West Germany and East Germany should maintain territorial integrity and respect for each other's borders and social structures; that an accord on a mutual renunciation of force should be concluded; that cooperation in trade, industry, science, transport, postal services, cultural affairs, sports and the exchange of information should be promoted; that the rights of the Four Powers (the United States, Great Britain, France and the Soviet Union) regarding Germany as a whole and Berlin should be respected; and that Allied arrangements for improving the access situation to Berlin should be supported.

In response to Brandt's initiatives, Ulbricht forwarded on December 18, 1969, a draft treaty to the West German President concerning the establishment of equal relations between the two states, in which the Federal Republic would extend full international legal recognition to the G.D.R. On other occasions, among other proposals, he also called on West Germany to reduce or liquidate her commitments under NATO, and to reduce arms expenditures by 50 per cent.

Brandt flatly rejected the draft treaty and the other proposals as a precondition for any talks with the G. D. R. But in February, 1970, he announced his willingness to meet in March with Premier Willi Stoph of the G.D.R. to discuss questions of mutual concern. The G.D.R. government, under pressure from the Soviets to be more flexible, consented to the meeting. It was a historic occasion, the first meeting since the two states were established in 1949. But it marked the prelude to laborious, prolonged negotiations. If they are successful, they could lead to a significant and general reduction of tensions in Europe, which hopefully will become a priority objective of the Atlantic Community.

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⁷ Supplement to *The Bulletin*, January 20, 1970.

"In Europe, the formation of a new Franco-German coalition might alter the balance [of power]. That the United States should encourage such an arrangement, supported by an ample Franco-German nuclear arsenal, [would seem] logical. Nothing less would permit the United States to reduce its role in Europe."

NATO: An Uneasy Alliance

BY NORMAN A. GRAEBNER
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THROUGH TWENTY YEARS of cold war, NATO remained the foundation of United States containment policy. The alliance satisfied two essential and intertwined requirements of American leadership—defense of specific security interests and loyalty to the principle of international co-operation. Secretary of State Dean Rusk expressed this dual national purpose when in 1968 he reminded a University of Georgia audience that the United States had attempted to build a community of nations “based on collective security in which each participating country has accepted its responsibility to work toward a common goal.” Such a system, he said, did not deny the freedom of each nation to pursue its individual interests, but it recognized the mutual responsibility of nations in guaranteeing a stable international environment which would protect the security of all.

Two years later President Richard M. Nixon, in a special foreign policy message to Congress, emphasized his administration’s concern for international accommodation.

The United States, like any other nation, [he declared] has interests of its own, and will defend those interests. But any nation today must define its interests with special concern for the interests of others. . . . Coexistence demands more than a spirit of good will. It requires the definition of positive goals which can be sought and achieved cooperatively.

Despite this perennial commitment to the principle of international cooperation, how-

ever, the American people followed their government into one unilateral involvement after another in pursuit of national objectives defined in terms which brought neither much physical or moral support from allies nor any permanent or satisfactory concessions from the nation’s antagonists.

Whatever the massive changes which transformed postwar Europe, they did not challenge the basic American consensus which assumed the existence of an international Communist threat to United States security. It was around this conceptualization of danger that Washington first rationalized its policies of containment; and although the dual struggle with the U.S.S.R. and “international communism” no longer comprised an all-pervading feature of world politics in the 1960’s, that dual conflict continued to determine the major thrust of United States foreign policy. What sustained the cold war in its established patterns was, above all, the durability of those alignments and issues which existed at the onset of the East-West conflict. Through two decades of tension there had occurred no fundamental shift in power between the United States and the Soviet Union, no clear change in national objectives, no settlement of the essential issues in dispute. So dominant was American and Soviet nuclear power that the two nations almost monopolized the European military balance. This preponderance of military might permitted the second-rank states limited diplomatic and military choice and

helped to perpetuate Europe's postwar internal and external conditions. Change managed to complicate the European environment without nullifying any important aspect of its fundamental political and military structure.

NATO

The persistence of cold war issues and alignments measured NATO's failures as well as its successes. Old policies anchored to defense had underwritten Europe's magnificent political and economic achievements. But they had failed to resolve any of the unforeseen inheritances of the Allied victory over Germany in World War II. They had not unified Germany or erased the Soviet hegemony in East Europe—objectives whose achievement never required less than another major war which no one wanted. It was the West's inability to negotiate such an elusive settlement after 1945 that compelled the formation of the North Atlantic Alliance; thereafter NATO supposedly would build the strength required to negotiate an acceptable European arrangement.

Containment assumed that in time the Soviets would settle on Western terms. This anticipation that something would occur, largely on Soviet initiative, pushed NATO into an uneasy existence, temporary and unsettling. Europe was stable, but it could scarcely regard its arbitrary boundaries and governments as permanent. Twenty years without an agreement had merely confirmed the de facto postwar boundaries.

THE PRICE OF NUCLEAR DETERRENCE

NATO survived as an alliance dedicated to the protection of its members against a threat that few Europeans or Americans could define with any precision. After 20 years NATO owed its existence to a traditional fear of Soviet military aggression, sustained by the presence of large military forces in East Central Europe. Still, Europeans seldom behaved as if they took the Soviet threat seriously. Their lagging defense policies made it clear that they did not anticipate war. West European governments

never conformed to the minimum standards of conventional defense as defined by NATO commanders. They recognized early that the U.S.S.R. had interests of its own and that those interests could scarcely be served by a general war. West European preparedness languished from the beginning because the NATO members could never generate the necessary fear and distrust of the Kremlin to sustain it. Most Europeans accepted co-existence with the Soviet Union as the best of all available worlds.

Yet the absence of major crises and direct military threats guaranteed no cold war settlements across Europe. The euphoria of the 1960's ruled out any sense of urgency and discouraged NATO leaders from testing either their own unity or Soviet intentions by proposing any genuine East-West settlements. Dominated perennially by a search for means rather than for precise and achievable ends, NATO was incapable of evolving any clear, long-range purpose. For the alliance could no more establish the conditions of peace than it could prepare its members for war.

Meanwhile, the United States pursued its own policies of unlimited armaments with unlimited destructiveness, based on a persistent fear of both Soviet power and Soviet intent. For Europe this was crucial, for the greater the Soviet and American capacity to wage nuclear war, the less Europeans recognized any necessity for strong conventional defenses. In accepting the need for Western nuclear superiority, the allied governments denied themselves any major interest in curtailing the nuclear arms race or the Soviet-United States insecurity which underwrote it. What bound West Europe to the United States, therefore, was not a broad spectrum of shared policies in Europe and elsewhere (major United States policies toward the Middle East, Cuba, China and Southeast Asia were hardly shared by Europe at all) but rather Europe's reluctance to pursue independent policies which might deprive it of the security derived from United States nuclear power, especially under conditions created by intercontinental missile technology.

For West Europe the expansion and diversification of the United States nuclear arsenal after mid-century meant security at little cost—security based on the assumption that United States nuclear power, supported by a clear United States commitment to Europe's defense, would guarantee the peace. For Europe, the arrangement was superb: the alternative to peace was not merely another Great War but the possibility of endless destruction ending in total chaos. NATO was never designed to win a war, because there could be no victory in another war; its purpose from the beginning was the prevention of a European war through the creation of a credible deterrent. For 20 years, that formula of peace through deterrence triumphed, binding European peace and stability ever more firmly to United States nuclear preparedness.

If this arrangement assured Europe a credible defense at little cost, it still demanded a heavy emotional and diplomatic toll. For the larger the disproportion of military power between the United States and its NATO allies, the more obvious the centripetal force of Washington's decisions. That very alignment of power and fear which propelled the United States into its global stance furnished Europe its required defense and compelled Europe's governments to accept Washington's conceptualization of the international Communist danger with scarcely a murmur. This indirect encouragement of American globalism (which never seemed to include any European support for United States policies outside Europe) suggested either inexcusable irresponsibility or gross intellectual dishonesty.

Europe was too rich and prosperous to rationalize its inaction in terms of its internal challenges. Europe could not even make the claim that it manned the lines of containment in Europe, for its NATO members maintained no forces capable of hindering, much less stopping, a Soviet attack. Europe's ready acceptance of United States military power as the key element in the postwar European balance rendered West Europe hostage to United States foreign and military

policy. It was not strange that Charles de Gaulle sought some escape.

Europe's decision to rely on United States nuclear power (over which it had no control), while rejecting the fear which sustained that power, created an atmosphere of detachment, even of disinterest. The general conviction that no unresolved European issue was sufficiently vital to invite aggression directed Europe's concern away from the cold war toward its historic problems, both national and international. In many member countries, popular support for the North Atlantic Alliance declined significantly in the 1960's. In France, a poster campaign against NATO argued that there would be no European détente until the smaller countries freed themselves of Soviet and American influence. Only in West Germany did the public attitude continue to reflect the anxieties of the early 1950's, for NATO provided Germany's sole guarantee of security against nearby Soviet armies.

For many observers, the apathy of politicians and the public comprised a genuine threat to Europe's defenses, especially if that complacency forced member governments to withdraw their conventional support. European officials sustained much of their old enthusiasm, but even they complained of the continued heavy expenditures for defense. Canada and France had notably slashed their military commitments to NATO; elsewhere government support appeared steady enough, but nowhere did it appear sufficient to support added defense expenditures.

UNDERCURRENTS OF CHANGE

Despite 20 years of NATO the cold war continued, but beneath the crust of conflict undercurrents flowed freely between East and West across Europe. Europeans who challenged the assumptions of the past favored some fresh Western initiatives toward European reconciliation. Responding to this challenge Willy Brandt emerged in 1969 as West Europe's leading political figure. Elevated to the West German chancellorship by the September, 1969, elections, more than any other European figure Brandt favored

broader ties with the East. His official overture for political talks with Poland in November had the immediate effect of dividing those East Europeans who desired closer economic ties with Bonn from those who feared a reduction of Soviet influence. Should Warsaw accept formal diplomatic ties, Hungary, East Germany, Czechoslovakia and Bulgaria would follow. Brandt had challenged Moscow's right to deal with West Germany in behalf of the entire Soviet bloc.

Still Brandt was not alone in the search for stronger East-West economic and political relationships across the Iron Curtain. In March, 1969, the Warsaw Pact nations, at their Budapest meeting, issued a call for a pan-European security conference. Although the NATO ministers, in their April meeting, refused to react affirmatively to the Warsaw Pact proposal, several NATO members revealed considerable interest in the possibilities of an all-European security pact. Again on October 31, following their meeting in Prague, the Warsaw Pact nations suggested an all-European security conference to be held in Helsinki early in 1970 to discuss security issues as well as closer economic, scientific, technical and political ties.¹ The invitation did not include the United States and Canada.

Washington's response to the Warsaw Pact overture was skeptical. Like other NATO spokesmen, United States officials feared any initiatives which might produce a relaxation of Western defense efforts, although such relaxation was already evident. Under Secretary of State Elliot L. Richardson warned NATO's Deputy Foreign Ministers at Brussels early in December, 1969, against unilateral concessions which might lead to illusory agreements.² Similarly, Defense Secretary Melvin R. Laird observed,

We should puncture the notion that all we have to do is sit down with the Soviets and détente will be busting out all over.

The Soviets had not made clear the issues on which they were prepared to negotiate.

¹ For excerpts from the Warsaw Pact communiqué see pp. 305ff. of this issue.

² For excerpts from the Brussels communiqué see pp. 305ff. of this issue.

Secretary of State William Rogers regarded the Prague proposals as little more than an exercise in propaganda. Does the Soviet Union, he asked at Brussels, "want to deal realistically with the issues which divide Europe or does it seek to ratify the existing division of Europe?" Rogers made clear that the United States would not participate in a conference which would, in effect, approve the Leonid Brezhnev doctrine whereby the Soviets claimed the right to intervene in the affairs of any bloc nation. After 20 years little had changed. The Soviet occupation of Czechoslovakia in August, 1968, demonstrated again both the power of the Kremlin to enforce the doctrine and the total absence of any Western interest in intervention. American reticence prevailed. The Brussels communiqué ignored the security conference proposal in favor of an offer to negotiate "balanced mutual force reductions" across the heart of Europe. Still, most NATO members repeated their preferences for a more positive response. Not surprisingly, the leading proponent of détente was Chancellor Willy Brandt.

During December, 1969, Brandt pushed his *Ostpolitik* into high gear. Early that month the U.S.S.R. gave the East European governments permission to open their own bilateral negotiations with Bonn. What the East Europeans hoped to gain from West Germany was trade and technical assistance. Poland responded immediately. Shortly thereafter Soviet Foreign Minister Andrei Gromyko opened talks in Moscow with the West German ambassador on a mutual renunciation-of-force treaty. Then, in mid-December, Walter Ulbricht, Chairman of the East German Council of State, sent a note to President Gustav Heinemann of West Germany to set the stage for new conversations between the two Germanies. Still, for Bonn the bargaining would come hard. In exchange for any agreement, the Soviets would undoubtedly demand some binding recognition of the territorial status quo which had existed since 1945. Ulbricht's minimum requirement would be West German recognition of East Germany. Brandt had recog-

nized the existence of "two German states in one German nation," but for Ulbricht that was not enough. In addition to extensive trade credits, Poland demanded formal recognition of the Oder-Neisse boundary line as well as the existence of the German Democratic Republic. Czechoslovakia made it clear that she would accept nothing less from Bonn than a formal renunciation of the 1938 Munich Pact, although West Germany had declared repeatedly that she had no territorial claims against Czechoslovakia.

THE LIMITS OF ESCAPE

Twenty years of containment had demonstrated that the United States military commitment to Europe could guarantee a stable, if divided, continent; it could not achieve more. Convinced that NATO had established European stability, as a minimum objective, and that no further expenditure would accomplish the goals of 1945, many Americans anticipated a retrenchment of the nation's direct military involvement in Europe. Such United States Senators as Mike Mansfield (D., Montana), Stuart Symington (D., Missouri) and J. William Fulbright (D., Arkansas) favored a sizeable reduction in the 310,000 United States military personnel on the continent. Europe remained the danger point of world politics; yet while the major NATO allies spent some 4.5 per cent of their gross national product on defense, the United States spent about 10 per cent. The United States appropriated three times as much per capita for defense as did Great Britain and West Germany. It was not strange that such Republican Senators as Charles Percy of Illinois demanded that the Europeans assume a greater share of the cost of their defense. Still the Nixon administration promised to maintain the current level of United States troops in Europe at least until the middle of 1971. Thereafter, the European governments could anticipate substantial American troop reductions. At Brussels, Secretary Rogers and Defense Secretary Melvin Laird warned that they could not guarantee established American troop levels in Europe beyond 1971.

Even under that threat the NATO partners revealed no inclination to contribute more to Europe's defense. In lieu of adequate ground forces to stall a possible Soviet advance, Secretary of Defense Clark Clifford in 1968 outlined for NATO's Nuclear Planning Group a new demonstration-type nuclear strategy to prevent both aggression by conventional forces and, hopefully, a full nuclear exchange. In 1969, British Defense Minister Denis Healey advocated NATO's formal adoption of a tactical nuclear strategy to discourage any conventional Soviet attack and thereby to prevent even a limited war. NATO appeared adequate militarily only as long as it was not put to the test.

Thus any United States disengagement from Europe would not be easy, for what brought United States power to the continent was the need in the late 1940's to redress the balance of power which the Soviet triumph over Germany had upset. Containment, whatever its successes, had not restored the balance. The expansion of the deterrent strategy had contributed nothing to the reconstruction of Europe's former military greatness and had actually made Europe's basic defense a by-product of United States military policy. If the American military commitment to Europe at mid-century was never viewed as more than temporary, the escape would still require either Europe's reversion to an older, more traditional balance of power or a peaceful disposal of the outstanding issues of the cold war. After 20 years, neither escape seemed open.

East-West accommodation, one possible avenue of retreat from Europe, could respond to a variety of new conditions. Pressures within the Soviet bloc, added to continued Soviet failures in the Third World, might compel the Kremlin to give up its East European hegemony as well as its identification with revolutionary change in Asia and Africa. Similarly, domestic pressures emanating from the conviction that the costs of policy were scarcely matched by clearly demonstrable gains could drive the United States toward a more limited world role. Indeed, nothing would erode United

States global commitments (including the heavy investment in Europe's defense) more thoroughly than the repeated frustrations of dealing with an increasingly complex world environment. Such frustrations lead to an awareness that no nation, whatever its power, can exert more than limited international influence. But although during 20 years of cold war the major antagonists had avoided a direct military confrontation, neither power seemed prepared in 1970 to negotiate away its vision of an acceptable postwar political and territorial arrangement.

MUTIPOLARITY

The remaining hope of United States escape from Europe lay in the rise of new power centers which might dilute the Soviet-United States conflict. Still, a new multipolar system would have its limitations. Multipolarity was the normal condition of world politics, but the emergence of Japan or China, thoroughly armed and determined to play a major role in a new Asian balance, could only add a new complexity to international relations and could create problems far more demanding than those of containment's first 20 years. In Europe, the formation of a new Franco-German coalition might alter the balance. That the United States should encourage such an arrangement, supported by an ample Franco-German nuclear arsenal, seemed logical. Nothing less would permit the United States to reduce its role in Europe. Still the new challenges which such a coalition of power might unleash appeared infinitely more costly than the United States commitment to Europe's defense. Washington revealed no interest whatever in fostering the development of a fully credible independent European deterrent.

Nor did most Europeans favor any reconstruction of a European balance. Desirous of détente and sometimes critical of American intransigence, they nonetheless feared any change in the power balance which might endanger United States troop commitments to Europe. Observers warned, for example, that any major reduction in United States force levels assigned to Europe would have

the effect of "Finlandizing" West Germany. Whereas Finland was not a satellite of Moscow, the Kremlin dominated her every move. Willy Brandt admitted repeatedly that any sizeable reduction in the United States troop contribution to West Germany's defense would undermine his capacity to negotiate effectively with Moscow and the East European capitals. For that reason he had no intention of sacrificing Bonn's ties with NATO in the pursuit of détente with the Soviet bloc. West German Defense Minister Helmut Schmidt assured the West European Union Assembly in Paris during December, 1969:

It would be sheer folly if one attempted to conduct one's policy toward the East from any other basis than [that] of firm Western solidarity.

SOVIET HEGEMONY

Soviet power seemed limited to maintaining Soviet hegemony in East Europe. To dominate the German question and assure success in the event of hostilities, the Kremlin committed ten tank and ten regular divisions to East Germany alone. Whether or not the Soviets anticipated a direct NATO attack, they recognized the resistance which they faced in their satellite empire. Soviet security required strong, balanced conventional forces in Europe. Unfortunately, the presence of those forces, however limited their role, comprised a danger to European security which required some counterweight. Predominant Soviet power, even if not used, would enlarge the Kremlin's capacity to dictate policy in West Europe.

To prevent such dictation was the fundamental purpose of the United States capacity to retaliate. That capacity, President Rich-

(Continued on page 308)

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BOOK REVIEWS

ON EUROPE

EUROPEAN UNION: FROM HITLER TO DE GAULLE. By HANS A. SCHMITT. (New York: Van Nostrand Reinhold Co., 1969. 83 pages, 35 documents, bibliography and index, \$1.95.)

This book is small in size but large in value. Schmitt's brief survey of moves toward European Community is competent and interesting. In the second section, he has compiled a number of hard-to-find and important protocols, treaties, declarations and reports. Every political scientist and modern historian will find the book a welcome addition to his library.

SPAIN. By STEPHEN CLISSOLD. (New York: Walker and Co., 1969. 186 pages, notes, bibliography and index, \$6.50.)

Clissold's contribution to the "Nations and Peoples Library" is among the best of the series. The real test of any of these books is to ask "Does it make clear *why* the country is as it is today?" The answer in this instance is a positive yes. And given the complex interplay of ethnic, political, religious and military forces that have swept Spain through the centuries, such clarity is a triumph of insight and exposition.

FRANCE. By DOUGLAS JOHNSON. (New York: Walker and Co., 1969. 239 pages, notes, bibliography and index, \$6.50.)

This "Nations and Peoples Library" entry does not follow the helpful pattern of the other books. Here the minutiae of politics through modern times overwhelms the other aspects one seeks—the anthropological, the sociological, the economic, the religious and the ethnic insights that bring the nation and its people to life for the reader.

How much of this is due to the author's interest in politics and how much to the country he describes we cannot tell from

this book. As a political history of France, the book is commendable. But that is not the apparent function of this series.

MODERN BELGIUM. By FRANK E. HUGGETT. (New York: Frederick A. Praeger, 1969. 273 pages, notes, bibliography and index, \$7.50.)

Huggett's excellent study of Belgium presents a clear and detailed picture of the economic, political and industrial life of this small country. He also depicts in vivid and depressing strokes the continuing clash between Flemings and Walloons.

The book raises—and does not answer—the question: whether this small, advanced country can solve the problem of its deep division so that it can remain strong and viable. One reads of the rioting, the intransigence, the intolerance with impatience that mounts slowly to anger. And yet—

And yet—do we in the United States do any better? Do the white Southern Africans? Or the Irish? Or the Canadians? Or Arabs and Israelis, or Hindus and Muslims? One puts down the book with a sound knowledge of Belgium as a country, but with a deep pessimism for mankind as a thinking animal.

IRELAND. By OLIVER MACDONAGH. (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1968. 136 pages, bibliography and index, \$4.95.)

This book presupposes an extensive familiarity with Irish history on the part of the reader. In his detailing of nineteenth century Anglo-Irish relations, MacDonagh introduces some new concepts on the economic effects of much of the early Land Law reform, the downfall of Parnell, and the maneuvering behind the Home Rule pressures of 1912–1914.

In the section dealing with the early days of the Republic, MacDonagh deals

(Continued on page 310)

CURRENT DOCUMENTS

Proposed European Security Conference

After a meeting in Budapest in March, 1969, the foreign ministers of the Warsaw Treaty countries met in Prague on October 30-31, 1969, and reiterated the Budapest suggestion for an all-European security conference. At a ministerial meeting in Brussels on December 4-5, 1969, the NATO Council of Ministers responded with a formal Declaration. Excerpts from the Prague communiqué and the Brussels Declaration follow:

WARSAW PACT STATEMENT, OCTOBER, 1969

The governments represented at the conference expressed their striving and readiness to take new steps to ease tensions, to strengthen security and develop peaceful cooperation in Europe; they are ready to take such steps on their own, or in co-operation with other states. They confirm the points of the Budapest Call of the Warsaw Treaty Countries to all the European countries of March 17, 1969, the points that proved their viability.

The participants in the conference paid particular attention to the preparations for the all-European conference on security and cooperation in Europe. They pointed out with satisfaction that the proposal . . . met a positive response from most European states. This proposal is being actively discussed in Europe; specific proposals on various questions involved in the preparation of the conference are being expressed in this discussion which creates real opportunities for holding the conference and ensuring European security through joint efforts in the interests of all the states and peoples of Europe.

The valuable initiative of the Government of Finland that on May 5, 1969, made a statement about its readiness to help prepare and hold the all-European conference was favorably received. All the countries that signed the Budapest Call gave their positive answer to this statement.

On their part, Foreign Ministers of the Warsaw Treaty Countries, acting on the instruction of their governments, suggest that the following questions be included on the agenda of the all-European conference:

1. The insurance of European security and renunciation of the use of force or the threat to use force in mutual relations among European states.

2. The extension of trade, economic, scientific and technical relations on an equal basis aimed to develop political cooperation among European states.

The socialist states that signed this Statement are deeply convinced that the fruitful discussion of these questions and agreement on them would help ease tensions in Europe, would serve to increase mutual understanding and develop peaceful and friendly relations among the states and in this way would help to achieve security, in which all the European peoples are vitally interested. The success of the all-European conference would . . . pave the road for the discussion of other problems of interest to European states whose solution would help strengthen peace in Europe, and would help develop wide, mutually advantageous cooperation among all the European states and ensure in Europe, as it has formed and exists today, the reliable security based on the collective principles and joint efforts of the states taking part in the all-European conference. . . .

The Governments of the countries taking part in the Conference of Foreign Ministers suggest that these questions should be discussed in bilateral or multilateral consultations among states concerned as part of preparations for the all-European conference. . . .

On behalf of their Governments, the Foreign Ministers express confidence that even though some difficulties have not yet been removed, all the questions involved in the preparations and holding of the all-European conference, be it the questions of the agenda, the number of the participants or the order of the convocation of the conference, can be solved given good will and sincere striving for mutual understanding on these questions. . . .

NATO STATEMENT, DECEMBER, 1969

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2. Peace and security in Europe must rest upon universal respect for the principles of sovereign equality, political independence and the territorial integrity of each European state; the right of its peoples to shape their own destinies; the peaceful

(Continued on page 308)

SPAIN AND PORTUGAL: CONTINUITY AND CHANGE

(Continued from page 291)

France is most important for Spain, not only economically, as in trade and tourism, but also diplomatically. The Charles de Gaulle decade in France saw an era of good feeling between the two governments, which, despite minor frictions, is continuing under President Georges Pompidou. Moreover, in the area about which security-minded Spaniards are most concerned, the Mediterranean, Madrid is following a policy very similar to France's policy and sharply different from that of the United States.

This is particularly true of the most crucial Mediterranean problem, the crisis in the Middle East. Like France, Spain is holding Israel at arm's length and is cultivating the Arabs, and is doing so with a view to the defense of the whole Mediterranean area, in the face of declining United States and rising Soviet naval strength and political influence in that part of the world.

Spain's deep concern over this situation is understandable. She forms a large part of that northern fringe of the Mediterranean which Pompidou, echoing Winston Churchill in World War II, recently called the soft underbelly of Europe. For many years, Spain has followed a pro-Arab policy; she has traditional ties with northwest Africa, and still owns two small but treasured enclaves on the coast of north Africa: Ceuta, at the Strait of Gibraltar, and Melilla, just west of it.

Such considerations in the security sphere, like those in the economic sphere, are tending to draw Spain away from the United States and toward Europe, particularly toward France. It may be a sign of the changing times that whereas all of Spain's modern arms were provided by the United States from the conclusion of the bases agreement of 1953 until recently, Madrid has begun to equip her air force with *Mirage* jets bought from France.

We have no reason to believe that the ties

between Madrid and Washington will be broken—though the stubborn negotiation over the renewal of the bases agreement is still pending as this is written—but they can hardly fail to be loosened as Spain's new administration pushes on toward its major objective as defined by Foreign Minister López Bravo last December: "the complete incorporation of Spain in Europe."

FRANCE AND THE ATLANTIC COMMUNITY

(Continued from page 275)

pean East and West militate in favor of the rapid elaboration of foreign and defense policies common to the member states of the E.E.C. or candidates for that organization.

In the Middle East and the Mediterranean, Pompidou is following the path traced by de Gaulle. His policy is pro-Arab because of French interests in the Western Mediterranean. It tends to draw France closer to the Arab states—some moderate and others socialist-marxist—and consequently to limit Soviet influence in French-speaking North Africa. It also tends to give French diplomacy in this area a certain independence with regard to the superpowers. It rests, finally, on the conviction that Israel's existence is not menaced by France, since Israel is guaranteed United States protection.

Pompidou's Mediterranean and pro-Arab policy incurs two categories of criticism. The first is that this policy is not understood and in general not approved by French public opinion. The second is that the Arab states from Morocco to Libya are ideologically disparate and, because they are ruled by personally powerful leaders, potentially unstable. It is, of course, desirable to establish strong ties between the northern and southern banks of the western Mediterranean. But France cannot have privileged relations; her objectives should be integrated not only with Spain⁸ but also with the European Community. European coordination in the realm of

⁸ To whom she has just sold 30 *Mirage* planes.

foreign policy is as desirable in the Middle East and North Africa as in relations between East and West Europe, if for no other reason than to assure the security of West Europe's oil supply.

This essay has been concerned throughout with Pompidou's policy. This expression is not derogatory. Like his predecessor, Pompidou thinks and demonstrates that foreign policy is definitely within the "private preserves" of the President of the Republic. Parliament's role remains ridiculous. Pompidou has inherited from his predecessor the art of calculating his moves and an occasional taste for scandal. The debates in the Cabinet and in the press, however, are livelier than they were under de Gaulle. There is a confrontation of the faction of Gaullist tradition with the faction of European integration. Debré's language and behavior provoke open criticism. Some ask if Debré is not the real Premier and the real author of French foreign policy. The fact is that the Minister of National Defense, at the head of the Gaullist faction, appears much more combative than his colleagues who support the European orientation. The champions of the Gaullist faction, unhappy with the result of the summit conference at The Hague, appear to have counterattacked on the issues of the Mediterranean and the Middle East. Between these two currents of opinion, Georges Pompidou makes his choice according to the circumstances.

ITALY IN EUROPE

(Continued from page 286)

tegration must be pursued through the accession of other European countries. The enlargement of the Communities should not alter their nature, but ensure their fulfillment. As a result of these basic principles, Italy and Great Britain drafted a memorandum which was sent to all other European members of the E.E.C. aiming at speeding up the admission of Great Britain. Italy's request for the admission of Great Britain to the European Community is not motivated by

opportunism, but rather by political and economic strategy.

Since 1963, when the Charles de Gaulle-Konrad Adenauer pact of solidarity was signed, Italy seems to have remained somehow isolated from the Paris-Bonn axis. Moreover, French President Georges Pompidou's decision to approve West German Willy Brandt's *Ostpolitik* as a counterpart for France's larger political influence in the Mediterranean is very recent. Italy, therefore, appears interested in strengthening her relations with Great Britain to balance the French-German pact with a Rome-London axis. As Pietro Quaroni, Italian expert in international relations, has pointed out, Italy has not taken into account France's *force de frappe* within West Europe. According to Quaroni, French nuclear power is nothing compared to the United States and the U.S.S.R. Therefore, these countries have nothing to fear from France's eventual threats. With regard to nonnuclear countries like Italy, Germany, Belgium and Holland, French limited nuclear armaments may produce "dramatic unforeseeable consequences." Since Great Britain is a nuclear power, it would be unwise for Italy not to seek her collaboration.

However, Anglo-Italian cooperation within the framework of the European Communities needs further clarification. With regard to the sector of tariffs and trade within the area of E.F.T.A., her eventual future role in Europe, and her economic ties with the United States, more accurate studies are needed. Nevertheless, for the time being, Anglo-Italian cooperation is necessary and vital in such areas as trade, technology, nuclear energy, and Italian emigration to England. The latter, which has decreased in the last three years, would help Italy, a country "rich in man surplus." In absorbing more Italian workers, Great Britain could apply the new philosophy already in practice in other countries of the Community, no longer considering "Italian workers . . . emigrants seeking work abroad, but citizens of the Confederation of the European States."

CURRENT DOCUMENTS

(Continued from page 305)

settlement of disputes; nonintervention in the internal affairs of any state by any other state, whatever their political or social system; and the renunciation of the use of the threat of force against any state.

3. At their meeting in Washington in April 1969, Ministers had expressed the intention of their governments to explore with the Soviet Union and the other countries of Eastern Europe which concrete issues best lend themselves to fruitful negotiation and an early resolution. . . .

13. The Ministers considered that the concrete issues concerning European security and co-operation mentioned in this Declaration are subjects lending themselves to possible discussions or negotiations with the Soviet Union and the other countries of Eastern Europe. The Allied governments will continue and intensify their contacts, discussions or negotiations through all appropriate channels, bilateral or multilateral, believing that progress is most likely to be achieved by choosing in each instance the means most suitable for the subject. Ministers therefore expressed their support for bilateral initiatives undertaken by the German Federal Government with the Soviet Union and other countries of Eastern Europe. . . .

14. The Members of the Alliance remain receptive to signs of willingness on the part of the Soviet Union and other Eastern European countries to discuss measures to reduce tension and promote co-operation in Europe and to take constructive actions to this end. They have noted in this connection references made by these countries to the possibility of holding an early conference on European security. Ministers agreed that careful advance preparation and prospects of concrete results would in any case be essential. Ministers consider that, as part of a comprehensive approach, progress in the bilateral and multilateral discussions and negotiations which have already begun, or could begin shortly, and which relate to fundamental problems of European security, would make a major contribution to improving the political atmosphere in Europe. Progress in these discussions and negotiations would help to ensure the success of any eventual conference in which, of course, the North American members of the Alliance would participate, to discuss and negotiate substantial problems of co-operation and security in Europe.

15. The Ministers affirmed that, in considering all constructive possibilities, including a general conference or conferences, they will wish to assure that any such meeting should not serve to ratify the present division of Europe and should be the

result of a common effort among all interested countries to tackle the problems which separate them.

NATO: AN UNEASY ALLIANCE

(Continued from page 303)

ard Nixon informed Congress in February, 1970, is

to deny other countries that ability to impose their will on the United States and its allies under the weight of strategic military superiority.

Should an incident within the Soviet bloc create a crisis, only the presence of a considerable United States military commitment (making clear the credibility of the United States) would give this nation a significant role in crisis management. After 20 years, the need for security remained the central element in the trans-Atlantic alliance.

This semipermanent character of the United States commitment to NATO's defense structure measured the special relationship between the United States and West Europe. Early in the twentieth century mutual concern for European, Asian and Latin American stability created the foundation for a special Anglo-American relationship. World War II terminated, in essence, the historic British role in helping to maintain a global environment which satisfied British and American interests in security and commercial expansion. In the face of the Soviet threat to what remained of the old stability, the United States extended its partnership to all of West Europe.

After mid-century, West Europe shared the United States interest in European and world stability, playing a growing economic and political role especially in Africa and the Mediterranean. That the commitments of the United States after 1950 became increasingly unilateral and global in no way undermined the primacy of West Europe in United States foreign policy. Rather it was the immediate and continuing success of the trans-Atlantic partnership in maintaining European stability that encouraged the burgeoning and ultimately costly United States involvements in Asia and elsewhere.

BRITAIN IN EUROPE AT LAST?

(Continued from page 280)

six from Luxembourg) may be enlarged to triple its size—426. This move has been foreseen since the beginning of 1960 by the Parliament but had been blocked in the Council of Ministers. According to the original plan, the enlarged Parliament would have an upper chamber of 142 members elected from and by their national parliaments (as is now the case) and a lower chamber of 274 members directly elected by universal suffrage.

The Hague summit conference acknowledged the issue of direct election of European parliamentarians but said only that the "method . . . is still being studied. . . ." However, considering the parliamentary traditions of the four applicant countries, the issue of direct elections and that of legislative power for the members may be forced to a head during the negotiations. At present, although it has broad advisory and counseling powers, the European Parliament has only the power to oust the Commission on a two-thirds vote of censure. By 1975, according to a Council decision at the end of January, 1970, it will also be able to modify the Community's annual budget.

One other significant institutional problem facing the Community will be the choice of drafting a new single "European Community Treaty" and including the applicant countries, particularly their institutional representation, or merely drafting a protocol treaty amending the present Economic Community, Atomic Energy Community, and Coal and Steel Community Treaties. The Six are under obligation to draft and ratify a single treaty merging the three Communities following the decision in 1967 to merge the executive commissions of the three Communities. The question now is whether to wait until the four are full members, so that they can participate in the treaty-drafting, or to carry out the work before enlargement. This, too, can become an issue in the negotiations.

ISSUES FOR THE UNITED STATES

It has often been said in Europe during the past 20 years while Europe struggled to establish some kind of unity that bickering among the Six made Americans appear to be "the best Europeans." Indeed, a succession of United States administrations have lent strong support to the goal of economic integration. After all, the eventual goal was political unity—an aim which the United States saw as valuable for the stability it would give a part of the world which had twice involved the United States in war.

But the slow pace of political integration and the absence of a Europe patterned after the North American model has shattered the hopes of some Americans. In fact, some feel that they have been misled. Some officials and representatives have complained that the United States "is no longer willing to pay the price for non-existent political unity." The outburst has been prompted by fears concerning the effects on certain United States agricultural exports of Community farm policies. The lingering impression remains that attitudes in the United States are shifting. The Community increasingly is being regarded as a commercial threat rather than as the "Atlantic partner" that President John F. Kennedy sought. Its political importance for the future of Europe has been downgraded and its role as a competitor *vis-à-vis* the United States is stressed. Now, with the application of Britain and three other nations for membership in the Community, the warning voices are heard again. In effect, they say, if British membership means more protectionism for agriculture, then the United States is against it.

The United States has ample cause for interest and concern in the issue of the Community's enlargement but none on the grounds of trade restriction. From 1958 to 1969, United States exports to the Community grew by 182 per cent as compared to its exports to the rest of the world, which increased by only 118 per cent. The total value of trade between the United States and the Community today is three times as high as

it was in 1958. In 1969, United States exports to the Community increased 13.9 per cent as compared to 9.5 per cent to the rest of the world. Conversely, United States imports from the Community in 1969 went down by 1.4 per cent, even though United States imports from the rest of the world went up by 10.6 per cent. The accession of the United Kingdom, Denmark, Norway and Ireland to the Community would greatly increase the size and access of the single market for United States exports and investments.

In the 1970's, the real issues for which the United States and the Community can find common solutions concern agreement within the framework of the General Agreement on Tariffs and Trade (GATT) on non-tariff distortions of trade—popularly known as non-tariff barriers. These are complex and cannot be dealt with on a simple trade-off basis as has been done with tariffs. Another pressing and important issue, particularly for the less developed nations of the world, is an agreement between the United States and the Community, together with other developed nations, for a generalized preference system for the manufactured and semimanufactured exports of the poorer nations. Discussion of this issue, on which both sides have submitted proposals, should be resolved within the framework of the Organization for Economic Cooperation and Development (O.E.C.D.).

LESS DEVELOPED COUNTRIES

Together with action for generalized preferences, the United States could also seize the opportunity to work more closely with an enlarged Community for the aid and development of the poorer nations. The present contribution of the Community to L.D.C.'s³ is 1.12 per cent of the G.N.P., nearly twice that of the United States share and higher than that of the United Kingdom, 1.06 per cent of G.N.P. A pooling of resources and of programs by the United States and the Community together with other developed nations in the 1970's could pave the

way for a genuine multinational aid and development effort that would remove politics and national bias from the massive aid task and promote the more effective use of resources.

The beneficial effects of Britain's membership in the European Community for Britain, the Community and the outside world are nearly impossible to gauge. The results will be slow in coming. But the short-term disadvantages, particularly for Britain and the Community, should be outweighed by long-term gains in the economic, social and political fields. It is in the field of unified political action in Europe, so long awaited, that Britain in Europe may well make the largest contribution.

BOOK REVIEWS

(Continued from page 304)

perceptively with leading Irish political personalities.

BRITAIN IN TOMORROW'S WORLD.

By GRANT HUGO. (New York: Columbia University Press, 1969. 246 pages, bibliography and index, \$5.95.)

Hugo makes a strong case for the wisdom of Robert McNamara's precept:

Vital decision-making, particularly in policy matters, must remain at the top. This is partly, though not completely, what the top is for. But rational decision-making depends on having a full range of rational options from which to choose, and successful management organizes the enterprise so that process can best take place.

Hugo leads up to this quote with a long and interesting analysis of British foreign policy-making and the importance of making rational decisions in the future. He urges high level professional education for candidates for the Foreign Service, arguing persuasively that only in this way will Great Britain be able to evaluate and select the best of the many options open to her.

O.E.S.

³ Less developed countries.

THE MONTH IN REVIEW

A CURRENT HISTORY chronology covering the most important events of March, 1970, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Berlin Crisis

Mar. 26—Representatives of the U.S., France, Great Britain and the U.S.S.R. meet in Berlin to attempt to ease the tensions of the divided city. This is the first 4-power meeting in 11 years.

Disarmament

Mar. 5—Ceremonies in Washington, Moscow and London mark the completion of the process of ratifying the nonproliferation treaty. The last of 47 nations deposits its instruments of ratification.

Middle East Crisis

(See also *U.S.S.R.*)

Mar. 4—Western officials in the U.N. have been asked by Israeli Foreign Ministry officials to help stop raids from Lebanon, according to diplomatic sources. Guerrilla forces have staged 34 incidents along the border in the past 3 months, according to Israeli charges.

Mar. 6—A major rocket attack against Jerusalem is thwarted by an Israeli attack against an Arab commando unit in Jordan, according to Israeli military officials.

Mar. 7—A raiding party crosses into Lebanon and destroys five houses used by Arab guerrillas against Israel. The Israeli Army warns Lebanon that similar raids will follow any further harassment.

Mar. 12—Israeli military sources report increased Arab attacks from the Syrian and Egyptian fronts, resumption of rocket attacks from Jordan, and increased infiltration of guerrillas from Lebanon.

Mar. 15—A Syrian army camp 55 miles inside the Syrian border is shelled by Israeli commando units.

Mar. 26—A 3-day meeting of foreign ministers of the Islamic states ends after establishing a secretariat of the association of foreign ministers. Libya and Algeria indicate they will not remain in the association; the U.A.R. and Sudan will work within its framework.

United Nations

Mar. 18—A compromise resolution condemning the white-minority government of Rhodesia is passed 14-0 by the Security Council, after a previous resolution urging the use of force against the Rhodesian government is vetoed by the U.S.

Mar. 28—Secretary General U Thant announces that at the request of Great Britain and Iran he will use his good offices in the controversy over the status of Bahrein.

War in Vietnam

(See also *Cambodia, Laos; U.S., Military*)

Mar. 1—U.S. B-52 bombers strike supply depots along the Ho Chi Minh Trail.

Mar. 5—Despite the continuance of light ground fighting it is reported that U.S. combat deaths reached a $3\frac{1}{2}$ month high of 113 in the past week.

Mar. 6—U.S. troops engage in sharp fighting in the jungle near the Cambodian border.

Mar. 9—Two Vietnamese are killed and 11 are wounded when a U.S. helicopter accidentally fires 14 rockets into a village.

Mar. 20—It is reported that a slight increase in the tempo of fighting has resulted in the deaths of 101 U.S. soldiers in the past week.

Mar. 26—The Saigon government offers to free 343 sick North Vietnamese prisoners.

Mar. 27—South Vietnamese troops cross the border into Cambodia and launch an

attack against Vietcong who had established a sanctuary there.

ARGENTINA

Mar. 25—The government refuses demands of kidnappers who are holding Waldemar Sanchez, a Paraguayan consul. The kidnappers had demanded the release of 2 prisoners as ransom for Sanchez. Threats to execute Sanchez and all top U.S. businessmen in the country are made by the kidnappers when the Interior Ministry says one prisoner is a common criminal, the other is not in jail.

Mar. 28—Despite the refusal of the government to release political prisoners, kidnappers of Sanchez release him for "humanitarian reasons."

AUSTRIA

Mar. 1—The final count in national elections shows the Socialist party to be the victor for the first time since World War II. Chancellor Josef Klaus, chairman of the conservative People's party, will be replaced by Socialist party leader Bruno Kreisky.

Mar. 3—Kreisky is asked by President Franz Jonas to form a new government in coalition with the People's party.

BRAZIL

Mar. 10—According to an announcement by President Emilio G. Médici, the military government will rule until "the revolutionary state" succeeds in implanting the "political, administrative, juridical, social and economic structures" that will spread economic well-being to all Brazilians.

Mar. 11—Terrorists armed with machine guns kidnap Nobuo Okuchi, the Japanese Consul General in São Paulo.

Mar. 14—Five political prisoners are freed and put on a chartered plane for Mexico by the Brazilian government in response to terrorist demands.

Mar. 15—Okuchi is freed as the freed prisoners arrive in Mexico.

CAMBODIA

(See also *Intl. War in Vietnam*)

Mar. 12—Chief of State Prince Norodom

Sihanouk tells a French television audience that unless the Vietcong and North Vietnamese withdraw their troops from his country, the pro-American rightists will take over his government. Sihanouk warns that Lon Nol, Premier and chief of the armed forces, may lead a coup against him.

Mar. 13—Following three days of demonstrations against the presence of North Vietnamese troops in Cambodia, the government asks Vietcong and North Vietnamese troops to leave the country.

Prince Norodom Sihanouk, Cambodian Chief of State, announces plans to visit Peking and Moscow to request cooperation in getting North Vietnamese troops out of the country.

Mar. 15—An agreement is reached between Cambodian and North Vietnamese officials to hold discussions on Cambodia's request to withdraw North Vietnamese and Vietcong troops from the country.

Mar. 16—Representatives of the Vietcong and North Vietnam begin meeting with Cambodian officials to discuss the withdrawal of Vietnamese troops from Cambodia.

Two Americans who seized the *Columbia Eagle*, a U.S. munitions ship, and forced it to sail to Cambodia are granted asylum by the government. (See also *U.S., Military*, March 15.)

Mar. 18—Premier Lon Nol heads a coup that seizes power from Chief of State Norodom Sihanouk. Sihanouk is in Peking seeking support for his request to have North Vietnamese troops withdrawn from Cambodia. President of the National Assembly Cheng Heng is named interim Chief of State.

Mar. 20—Sihanouk, in Peking, calls his overthrow illegal and asks for a referendum to be supervised by the International Control Commission.

Mar. 21—Cheng Heng is sworn in as Chief of State. Heng pledges to oust the Communists from the country.

Mar. 23—Sihanouk announces he will form a "national liberation army" and a "na-

tional union government" and accuses the new government of Cambodia of "high treason."

Premier Lon Nol says he will recover the active neutrality of his country through removal of North Vietnamese and Vietcong troops from Cambodia.

Mar. 25—The new Cambodian government is informed by North Vietnam and the Vietcong that all North Vietnamese and Vietcong diplomats are being withdrawn from Cambodia.

Mar. 27—The government imposes a curfew on Phnompenh, after a mass demonstration yesterday in a provincial town in which 2 National Assembly members were killed.

Mar. 28—The *Columbia Eagle* will be released by the Cambodian government, according to an official statement in Phnompenh.

Mar. 29—Vietcong troops are increasing their invasion of the frontier region and moving deeper into Cambodian territory, according to Cambodian government reports.

CANADA

Mar. 7—A 15 per cent reduction in Canada's diplomatic corps is announced by the government. The cut is an economy move.

CHILE

Mar. 25—Eleven army men are arrested and 5 more are sought in a coup attempt against the government of President Eduardo Frei Montalva.

CONGO REPUBLIC (Brazzaville)

Mar. 23—An attempted coup by rebel commandos is put down by loyal troops following a short fight at Brazzaville's radio station.

CYPRUS

Mar. 8—The police arrest 3 members of a Greek Cypriot group in an assassination attempt against President Makarios. The shots injure Zacharias Papadoyianis, the pilot of the helicopter which Makarios was boarding. Turkish Cypriots were not in-

volved in the attack against the President. Mar. 9—Eleven Greek Cypriots are arrested in connection with the assassination attempt on Makarios.

Mar. 13—Former Interior Minister Polycarpos Georghiades is prevented from leaving Cyprus by the police in a continuing investigation of the assassination attempt on Makarios.

Mar. 15—The body of Georghiades is found. He was shot to death in his car outside the capital.

CZECHOSLOVAKIA

Mar. 21—Former party leader Alexander Dubcek, Ambassador to Turkey, is suspended from the Communist party. Josef Smrkovsky, former aide to Dubcek, is expelled from the party.

DAHOMEY

Mar. 28—Lieutenant Colonel Paule Emile de Souza, head of the ruling military triumvirate, announces the temporary suspension of the presidential and legislative elections (which have been in progress since March 9) because of violence accompanying the voting. The elections were to have ended March 31.

DOMINICAN REPUBLIC

Mar. 24—Guerrillas kidnap a U.S. air attaché, Donald J. Crowley, demanding the release of 20 political prisoners. Crowley will be shot if the demand is not met, the guerrillas warn.

Mar. 26—Crowley is freed by his kidnappers after 20 political prisoners are released by the government and flown to Mexico.

FRANCE

Mar. 3—Some 60 policemen and a number of students are injured in a second day of rioting at Nanterre University. Extremist students of both the right and left are believed to be fighting against proposed educational reforms.

GERMANY, DEMOCRATIC REPUBLIC OF (East)

Mar. 12—Premier Willi Stoph and West

German Chancellor Willy Brandt agree to meet in Erfurt, East Germany.

Mar. 19—Brandt and Stoph meet and hold "useful talks." This is the first meeting of East and West German Heads of State.

GERMANY, FEDERAL REPUBLIC OF (West)

(See *Germany, East*)

GREECE

Mar. 28—A mass trial of 43 political opponents of the government opens in Athens. 3 defendants charge police brutality.

GUATEMALA

Mar. 1—Foreign Minister Alberto Fuentes Mohr is released by terrorists who kidnapped him from his car on February 26. The government frees imprisoned guerrilla leader Jose Vincente Giron Calvillo as ransom for Fuentes Mohr.

Mar. 2—Official returns in national elections show that Carlos Arana Osorio is the winner of the election for the presidency. Arana is a right-wing conservative who campaigned on the basis of law and order.

Mar. 6—A U.S. Embassy secretary, Sean M. Holly, is kidnapped by urban guerrillas. The terrorists threaten to execute Holly unless the government releases 4 imprisoned guerrillas within 48 hours.

Mar. 8—Holly is released by his kidnappers after the government frees 2 prisoners. The other 2 were not in prison.

Mar. 31—Terrorists kidnap West German Ambassador Karl von Spreti. No ransom demand has been received.

INDIA

Mar. 16—Chief Minister Ajoy Kumar Mukherjee resigns from the West Bengal government. The Communist-dominated coalition government collapses. Mukherjee's resignation follows many months of violence throughout the state.

Mar. 19—Prime Minister Indira Gandhi suspends the West Bengal state assembly.

Mar. 28—in elections for the 240-seat upper house of Parliament, Congress party strength is cut from 97 seats to 83 seats.

IRAQ

Mar. 11—Kurdish tribesmen are granted autonomy by the Iraqi government.

ISRAEL

(See *Intl, Middle East Crisis*)

ITALY

Mar. 3—A former Premier, Aldo Moro, agrees to try to form a new coalition government. Moro, a leader of the Christian Democratic party, will attempt to rally a coalition; caretaker Premier Mariano Rumor gave up a similar effort after 16 days.

Mar. 11—Moro tells President Giuseppe Saragat he is unable to form a center-left coalition government.

Mar. 12—Saragat asks one-time Premier Amintore Fanfani to try to form a Cabinet coalition of left-center parties.

Mar. 19—Fanfani abandons his efforts to form a coalition Cabinet.

Mar. 27—Mariano Rumor announces that he has formed a coalition Cabinet.

KOREA, REPUBLIC OF (South)

Mar. 31—Sword-waving Japanese students hijack a Japan Air Lines plane and demand to be flown to North Korea. After being fired on in an attempted landing in the North, the pilot lands in Seoul, South Korea. Passengers and crew are kept aboard by the students who insist on being flown North.

LAOS

Mar. 7—The Pathet Lao issues a peace plan proposal calling for the complete withdrawal of U.S. forces from Laos, the formation of a coalition government and the eventual election of a neutralist government of national union.

Mar. 9—The Pathet Lao and the Laotian government agree to exchange messages on peace proposals.

Mar. 18—North Vietnamese troops attack a Laotian supply base in Sam Thong, west of the Plaines des Jarres. The U.S. has been supporting the base.

Soldiers and civilians are withdrawn from Sam Thong after the base falls to North Vietnamese troops.

LEBANON

Mar. 27—For the fourth successive day, fighting occurs between Palestinian guerrillas and Lebanese members of a right-wing Christian group.

LIBYA

Mar. 31—Nation-wide celebrations mark the withdrawal of the last British troops after 30 years of a British presence in Libya.

PERU

Mar. 4—Two opposition newspapers are seized by the military government in Lima.

RHODESIA

Mar. 1—The white minority government of Prime Minister Ian Smith officially proclaims itself a republic, dissolving Parliament and setting general elections for April 10.

U.S.S.R.

Mar. 16—*Tass*, the Soviet news agency, publicizes a letter from Premier Aleksei Kosygin to President Richard Nixon bidding him halt U.S. bombing in Laos.

Mar. 19—Diplomatic observers in Cairo report the arrival of a large number of Soviet troops and antiaircraft missiles at airbases in the U.A.R.

UNITED KINGDOM

Great Britain

Mar. 4—Defense Minister Denis Healey tells Parliament that 4,500 men, withdrawn from West Germany as an economy measure in 1968, will be returned to the NATO forces.

Mar. 5—The bank rate is cut from 8 per cent to 7½ per cent, reflecting the new strength of sterling and the improvement in Great Britain's trade balance.

Northern Ireland

Mar. 29—Outbreaks of violence between Catholics and Protestants occur in Belfast

and Londonderry during Easter parades commemorating the Easter rebellion of 1916.

UNITED STATES

Civil Rights

(See also *Government*)

Mar. 3—Two additional civil rights officials resign from the Department of Health, Education and Welfare, and 125 other staff members write a letter of protest to President Nixon because of the forced resignation of director of the Office for Civil Rights Leon E. Panetta two weeks ago. J. Stanley Pottinger is named to succeed Panetta.

In Lamar, South Carolina, tear gas is used by state police against a white mob to protect Negro children traveling to a formerly all white school. Several children are injured and two buses are overturned.

Mar. 5—27 white men are charged with rioting in connection with the violence against Negro schoolchildren in Lamar, South Carolina, on March 3.

The U.S. Court of Appeals for the Fourth Circuit agrees to delay implementation of a court order that Charlotte, North Carolina, must engage in massive busing of children in the 1970-1971 school year to achieve desegregation. U.S. District Judge Frank A. Hooper says that he will not order student transfers to achieve desegregation in Atlanta, Georgia, before June 9.

Mar. 7—Vice President Spiro Agnew tells the National Alliance of Businessmen that suburban areas must help to provide jobs and housing for slum dwellers; otherwise, ghetto racism will increase.

Mar. 10—Schools reopen in Lamar, South Carolina, under the protection of state policemen.

Mar. 12—The Department of Health, Education and Welfare has requested Georgia to offer a plan for complete desegregation of public college and university systems within 90 days; Florida is requested to offer a similar plan within 120 days. The

letters to the states are dated February 26 and are made public today.

Mar. 20—Mobile, Alabama, public schools reopen without violence under a court-ordered desegregation plan.

U.S. District Court Judge Frank A. Hooper rules that 56 all-white and all-black schools in Atlanta, Georgia, exist not because of racial discrimination but because of housing patterns; since there is no legal precedent requiring busing, these schools cannot be further desegregated. Students in all schools are to be assigned on the basis of geographic zoning.

Mar. 21—Leaders of labor and management in New York's building industry report adoption of a program called the New York Plan, to train members of minority groups as skilled workers in the building trades.

Economy

Mar. 20—Labor Department figures show that consumer prices rose by .5 per cent in February. The February index is 132.5 on an index of 100 at 1957-1959 prices.

Mar. 25—A cut in the prime rate, the basic interest charge on business loans, is announced by the major commercial banks. The reduction is made from the high of 8½ per cent to 8 per cent.

Foreign Policy

Mar. 4—The State Department reveals that Secretary of State William Rogers met with the Senate Foreign Relations Committee yesterday and pledged that no U.S. ground forces would be sent to Laos.

Mar. 6—President Richard Nixon asks the U.S.S.R. and Britain to initiate talks on restoration of the 1962 Geneva Agreement, providing for the neutrality of Laos. Britain and the U.S.S.R. were co-chairmen of the 1962 conference. At the same time, the President releases a 3,000-word statement explaining U.S. action in Laos and says he has "no plans for introducing ground combat forces into Laos." He denies that Americans are involved in combat operations in Laos and declares that

"no American stationed in Laos has ever been killed" by the enemy in the last 6 years. (See also *Laos*.)

Mar. 7—A report on foreign aid by U.S. Ambassador to Chile Edward Korry is made public at the Florida White House; Korry questions the motivation and effectiveness of the U.S. foreign aid program, and says the program is self-defeating.

Mar. 8—A 16-member White House task force suggests that current foreign aid policies should give way to a truly cooperative international program. The task force, headed by retired Bank of America president Rudolph A. Peterson, reports that direct U.S. aid to individual nations is no longer politically feasible.

Deputy Presidential press secretary Gerald L. Warren reveals that an Army captain and 26 American civilians stationed in Laos on government business have been listed as missing as a result of enemy action or killed in the last 6 years. The captain is said to have been killed as a result of hostile action, not in combat.

Mar. 9—Secretary of State William Rogers discloses that the U.S. is going to close its consulate in Rhodesia March 17; State Department officials declare that "we strongly disapprove of minority-based governments."

The Deputy Attorney General, Richard Kleindienst, announces that the U.S. has signed an agreement with Mexico to try to stop drug smuggling from Mexico.

Mar. 11—Chairman of the Senate Foreign Relations Committee J. William Fulbright (D., Ark.) introduces a "sense of the Senate" resolution that the President cannot commit U.S. forces to combat in or over Laos without "affirmative" congressional action.

Mar. 13—Fulbright declares that he has confirmed the fact that the Central Intelligence Agency utilizes the Agency for International Development (A.I.D.) as a cover for its operations in Laos.

Mar. 15—*The New York Times* reports that on February 3, 1970, the U.S. renewed the loan of 6 warships to Greece although the

U.S. has embargoed "major items" of military equipment for Greece because of her military dictatorship. Greece is a military ally of the U.S. in NATO.

Mar. 16—The State Department eliminates most barriers against U.S. travel to Communist China.

The New York Times reports that on March 3 Secretary of State Rogers told the Senate Foreign Relations Committee that the administration had "no present plans" to send U.S. ground combat forces to Laos even "if it is overrun" by Communists. He pledges that if the administration changes its mind it will seek "advance approval" from Congress.

Mar. 17—In a television interview, Rogers says that he told the Senate Foreign Relations Committee that he "was not in a position to foreclose the President in making any decision which might be required in the future"; he declares that he has promised the Senate that "we would consult with them to the fullest extent possible."

Mar. 19—State Department spokesmen announce that U.S. recognition of Cambodia will not be affected by the overthrow of Chief of State Norodom Sihanouk. (See *Cambodia*.)

Mar. 23—Rogers announces that Israel's request for 125 jet aircraft is being "held in abeyance" since Israel's air capacity is "sufficient to meet its needs for the time being." The U.S. is granting \$100 million in short-term credits to Israel for non-military use.

Mar. 24—A joint Japanese-U.S. commission begins work on plans to prepare Okinawa and the Ryukyu Islands for the transfer from U.S. to Japanese control.

Mar. 28—It is reported by *The New York Times* that in 1969 the U.S. secretly gave Nationalist China \$157-million worth of U.S. surplus weapons.

Government

Mar. 3—The President sends a special message to Congress asking for a detailed reexamination of the nation's approach to

education to improve the nation's compensatory education programs.

The White House announces that the President will name Arthur A. Watson as Ambassador to France to succeed Sargent Shriver. Watson is chairman of the International Business Machines World Trade Corporation.

The President asks Congress to pass special legislation to prevent a nationwide railroad strike. (See also *Labor*.)

Mar. 4—at the President's request, Congress votes to impose a 37-day moratorium on strikes and lockouts in the nation's rail dispute, to avoid a nationwide railroad strike. (See also *Labor*.)

The Department of the Interior suddenly interrupts mine-safety briefings for the coal industry, explaining that aides of the Bureau of Mines are needed in Washington. The action is taken 4 days after the dismissal of John F. O'Leary as director of the U.S. Bureau of Mines.

Mar. 5—Secretary of Labor George P. Shultz says the Department of Justice has filed a charge of fraud in the reelection of W. A. Boyle as president of the United Mine Workers of America; a new election under federal supervision is demanded.

Mar. 6—in new guidelines made public today, the Office of Economic Opportunity says it will fund only year-round youth development projects, not summer projects, which it has discovered "are not relevant to either the immediate or long-term needs of poor youth."

After 7 months of disagreement with Congress, the President signs a \$19.4 billion appropriation for the Departments of Health, Education and Welfare, and Labor. The President vetoed the original appropriation bill on January 26.

Mar. 10—The President proclaims a limit on the amount of crude and unfinished oil that may be imported from Canada.

Mar. 11—President Nixon issues a statement warning against the alarming increase of "drug abuse among schoolage youth."

Mar. 12—The President names Assistant Secretary of the Air Force Curtis W. Tarr as

director of the Selective Service System.
 Mar. 13—Director of the Bureau of the Budget Robert Mayo asks Congress to raise the federal government's spending ceiling for fiscal 1970 from \$195.7 billion to \$198.9 billion.

Mar. 16—The President signs a \$172-million authorization bill to continue community mental health centers, but states "serious reservations" about it, including the fact that Congress cannot be expected to appropriate the funds.

The President signs a bill establishing a commission to evaluate national population growth; the chairman will be John D. Rockefeller, 3d.

The Senate begins debate on the nomination to the Supreme Court of Judge G. Harrold Carswell.

Mar. 17—Citing progress against inflation, the President releases \$1.5 billion in funds for federal, state and local construction. These funds had been frozen to help cool the inflation on September 4, 1969, on the President's order.

Mar. 19—After the Senate completes congressional action, the President receives a bill forbidding radio and television commercials advertising cigarettes after January 2, 1971.

Mar. 20—HEW Secretary Robert Finch announces that he is overriding the veto of Governor John B. Williams of Mississippi of 2 grants for Head Start programs in Mississippi. Finch similarly overrode William's veto on 3 other Head Start programs.

Mar. 23—A bill increasing veterans' educational benefits by 35 per cent is passed by the Senate and sent to the White House for President Nixon's signature.

President Nixon declares a state of emergency and orders troops into New York City to help sort mail. (See also *Labor*, March 18ff.)

Mar. 24—in an 8,000-word statement, President Nixon promises to end de jure but not de facto school segregation. An allocation of \$1.5 billion is pledged to help school desegregation efforts, North and

South. Five hundred million of this is to go to racially impacted schools.

Mar. 25—Citing the "alarming increase" in criminal bombings, President Nixon asks Congress to pass legislation setting severe penalties for illegal use of explosives.

The administration proposes changes in the Medicare law which would provide preventive health care for elderly Americans.

Labor

Mar. 2—An injunction forbidding selective strikes by the railroad shopcraft union against individual railroads is issued by a U.S. district court. Other railroad unions have ratified a new agreement with the railroads.

Mar. 4—A nation-wide railroad strike is temporarily averted. (See *Government*.)

Mar. 13—A general strike by municipal workers in San Francisco cripples services in the city.

Mar. 16—San Francisco Mayor Joseph Alioto and union officials announce tentative agreement on wage disputes which have led to a city-wide strike.

Mar. 18—Letter carriers in the boroughs of Manhattan and the Bronx strike to force the federal government to increase their wages.

Mar. 19—Despite federal injunctions against the strike, mailmen in many cities join the walkout. Mailmen in Buffalo, Akron and many Connecticut and New Jersey cities leave their jobs.

Mar. 20—Mayor Sam Massell of Atlanta, Georgia, discharges 1,400 city employees for continuing a 4-day strike.

New walkouts occur in the post offices of Philadelphia, San Francisco, Chicago and other cities across the nation. Labor Department officials meet with postal union officials and agree that grievances will be taken up promptly as soon as workers return to their jobs.

Mar. 21—Postal workers in New York and other cities vote to reject the agreement worked out between union leaders and the Labor Department.

Mar. 22—Defense Department planners are making preparations to have soldiers help move the mail if the postal strike continues.
Mar. 23—In response to President Nixon's declaration of a state of emergency, troops move into New York City to begin sorting mail.

Mar. 24—Postal workers in most cities outside New York begin to return to work. Postmaster General Winton Blount invites postal union leaders to begin negotiations tomorrow.

Mar. 25—Postal workers in New York return to work, ending the 8-day postal strike. Union leaders begin talks with government officials to negotiate improved wage scales.

Air traffic controllers at many airports across the country call in sick as a protest against poor working conditions and inadequate pay.

Mar. 28—A 50 per cent cut in airline flights to and from New York and Chicago is ordered by the Federal Aviation Administration as the work stoppage by air traffic controllers spreads.

Military

Mar. 4—Closing or scaling down of activities at 371 military bases across the nation is announced by the Defense Department, in an effort to save \$914 million in defense spending.

Mar. 5—Release of \$500 million in dispute over contract price overruns is asked by the Lockheed Aircraft Corporation. The Defense Department has frozen the funds for development of the C-5A cargo plane, the AH-56-A helicopter, the S.R.A.M. missile and several shipbuilding contracts.

Mar. 8—Master Sergeant William Higdon is charged with larceny, bribery and graft in connection with operations of military service clubs, according to a Defense Department statement. (See *Current History Annual 1970*, p. 92.)

Mar. 9—Deputy Defense Secretary David Packard tells Congress that Lockheed faces a severe financial crisis and must receive some assistance.

Mar. 10—The Defense Department discloses

that U.S. military men in Laos have been receiving hostile-fire pay since 1966.

Mar. 15—The *Columbia Eagle*, a freighter under charter to the Defense Department to carry munitions to Thailand, is seized by some members of the crew and forced to sail to Cambodia. 24 crew members are set adrift in lifeboats by the mutineers.

Mar. 17—Charges are filed by the Army against 14 officers, some of high rank; they are accused of suppressing or inadequate investigation of the facts of the Songmy massacre. One of those charged is Major General Samuel W. Koster, formerly commander of the Americal Division in Vietnam and now superintendent of West Point. Koster resigns from West Point. (See *Current History Annual 1970*, p. 21.)

Mar. 23—Two majors and 12 sergeants are charged with bribery and extortion in the operation of servicemen's clubs.

Mar. 24—A 50 per cent cut in troops in Vietnam in the next 15 months is predicted by government officials. This assumption is being written into the defense budget for the year beginning July 1. Troops would number 225,000 in mid-1971, in place of the current troop level of 454,000.

Mar. 30—1st Lieutenant James Duffy is convicted of involuntary manslaughter for the slaying of an unarmed South Vietnamese farmer. The jury had found Duffy guilty of premeditated murder but asked permission to reconsider when told that life imprisonment would be the mandatory sentence.

Politics

Mar. 5—Lawrence O'Brien accepts the unanimous election of the Democratic National Committee to serve as its chairman. O'Brien, a Democratic chairman during the 1968 presidential campaign, served as Postmaster General in the John Kennedy administration.

Mar. 7—Republican leaders in Michigan vote to support Lenore Romney, wife of the Secretary of Housing and Urban Development, for the post of Senator from Michigan.

Mar. 17—Los Angeles Mayor Sam Yorty announces his candidacy for Governor of California.

Democratic Senator Harry F. Byrd, Jr., of Virginia announces he is leaving the Democratic party to run as an independent next fall.

Mar. 19—Nineteen liberal Democratic members of the House of Representatives threaten to help the Republicans control the next Congress unless the House agrees to reform its seniority system. The House has postponed any action on reform until after the January, 1971, session opens.

Mar. 20—A California industrialist and art patron, Norton Simon, announces he will run against Republican Senator George Murphy for the Senate nomination.

Former Supreme Court Justice and U.N. Ambassador Arthur J. Goldberg announces he will seek the Democratic nomination for the New York governorship.

Mar. 26—Former U.S. District Attorney Robert Morgenthau announces his candidacy for the Democratic nomination for governor of New York State.

Pollution

Mar. 10—Following the extinguishing of a month-long fire in 12 oil wells in the Gulf of Mexico, oil spews from the wells at 40 barrels an hour.

Mar. 15—A 52-square-mile oil slick forms in the Gulf of Mexico after a new cap breaks.

Supreme Court

Mar. 2—The Supreme Court declares that it has no jurisdiction in the appeal of Lester G. Maddox for the right to run for a second successive term as Governor of Georgia. Georgia's constitution prohibits such a campaign.

The Court lets stand a ruling of the U.S. Circuit Court for the Sixth District upholding a \$1.5 million damage award against the United Mine Workers of America for conspiring with large coal mine operators to drive 2 small nonunion mines into bankruptcy.

The Court rules 5 to 3 that men who do

not register with their draft boards at age 18 cannot be prosecuted after 5 years have passed. If charges against an unregistered youth are not brought within 5 years of the date on which he should have registered, the 5-year statute of limitations for noncapital federal crimes takes effect.

Mar. 9—The Court rules 7 to 0, in an unsigned opinion, that the school system of Memphis, Tennessee, must take immediate action to end racial segregation in its public schools.

Mar. 16—The Court refuses to overrule a lower court decision allowing officials in Charlotte, North Carolina, to delay implementing a school desegregation plan that would have occasioned the most massive busing program in the South.

Mar. 23—in a 5-to-3 ruling, the Court says that welfare recipients have the right to formal hearings before their welfare payments can be terminated.

Mar. 31—The Court rules without dissent that a trial judge may have disruptive defendants bound and gagged or expelled from court if necessary to keep order during a trial.

In a 5-to-3 decision, the Court rules that a juvenile court must not convict children unless they are found guilty "beyond all reasonable doubt." Juvenile courts have often followed a doctrine of "preponderance of the evidence."

VIETNAM, REPUBLIC OF (South)

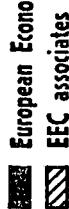
(See also *Intl. War in Vietnam*)

Mar. 5—A sentence of 10 years at hard labor is passed on Tran Ngoc Chau, National Assembly member of the opposition party who was charged with associating with his brother, a North Vietnamese agent.

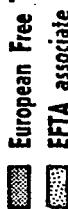
Mar. 10—The Senate passes a land reform bill that abolishes absentee ownership and turns 60 per cent of the country's rice land over to the tenants who farm it. The bill passed the House of Representative six months ago.

Mar. 23—The Senate, after a 10-day study, declares that Chau should not have been tried by a military court.

European Economic Community



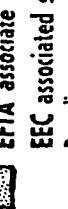
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European Free Trade Association

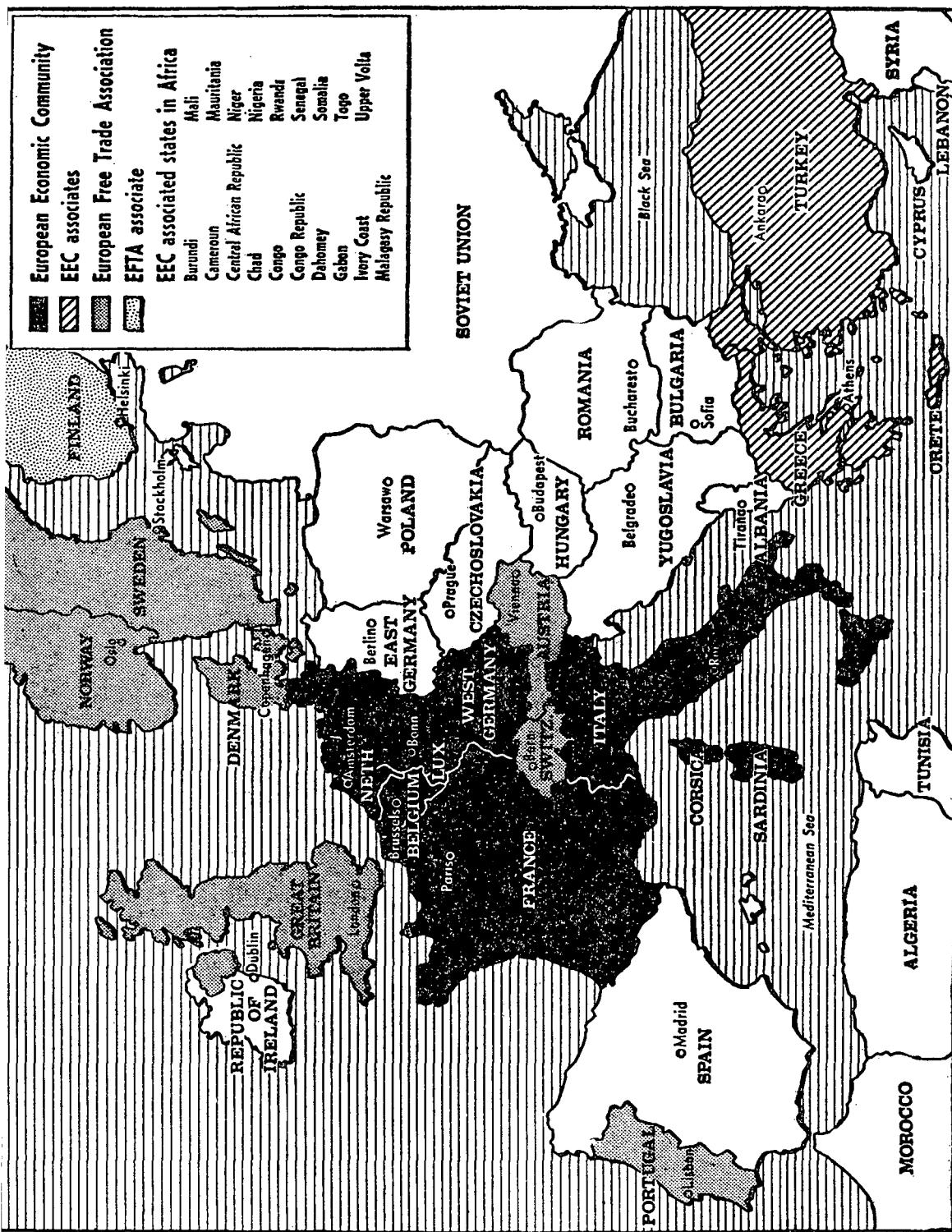


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